AR64

BUILDING ON YEARS OF

PERFORMANCE

ANNUAL REPORT 2000

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Power Financial Corporation

POWER FINANCIAL CORPORATION'S STRATEGY IS TO OWN CONTROLLING INTERESTS IN FINANCIAL SERVICES COMPANIES WITH STRONG FUNDAMENTALS: A LOW COST STRUCTURE, COMPETITIVE AND STRATEGICALLY VIABLE DISTRIBUTION CHANNELS, VALUE-ADDED PRODUCTS AND A SIZE THAT ALLOWS THEM TO INVEST AND DEVELOP PROFITABLY.

POWER FINANCIAL CORPORATION

PERFORMANCE

BUT QUALITY OF EXECUTION IS WHAT MAKES THE DIFFERENCE BETWEEN AVERAGE PERFORMANCE AND BEING VERY SUCCESSFUL. THE MANAGEMENT TEAMS AT OUR GROUP COMPANIES ARE FOCUSED ON STRATEGIC FUNDAMENTALS BUT THEY ALSO SWEAT THE DETAILS. AS A RESULT, THE POWER FINANCIAL GROUP COMPANIES HAVE BEEN LEADERS IN PERFORMANCE FOR A NUMBER OF YEARS.

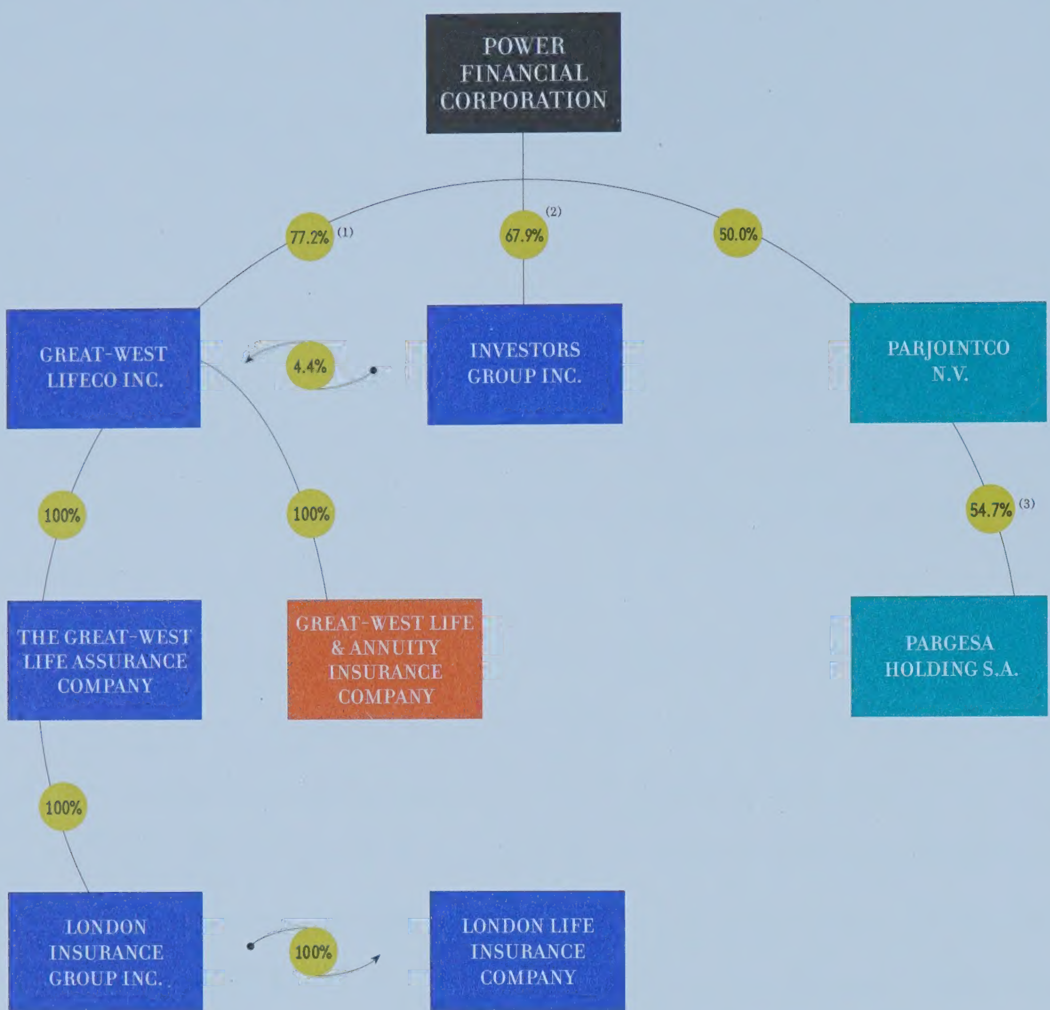
POWER FINANCIAL CORPORATION EXTENDS ITS THANKS TO THE MANAGEMENT, STUDENTS AND TRAINERS OF THE ÉCOLE NATIONALE DE CIRQUE FOR THEIR PARTICIPATION IN THIS YEAR'S ANNUAL REPORT. FOUNDED IN MONTRÉAL IN 1981, THE ÉCOLE NATIONALE DE CIRQUE IS THE ONLY SCHOOL IN NORTH AMERICA, AND ONE OF THE FEW IN THE WORLD, TO OFFER A COMPREHENSIVE, PROFESSIONAL CIRCUS ARTS PROGRAM WHOSE GRADUATES RECEIVE AN INTERNATIONALLY RECOGNIZED DIPLOMA. IT HAS SERVED AS A SPRINGBOARD FOR THE CREATION OF CELEBRATED CIRCUSES SUCH AS THE CIRQUE DU SOLEIL AND THE CIRQUE ÉLOIZE.

INNOVATION AND DISCIPLINE ARE AT THE HEART OF THE SCHOOL'S CONTEMPORARY VISION, AND CREATE A STIMULATING ENVIRONMENT THAT PREPARES EMERGING TALENT FOR AN INTERNATIONAL CAREER. EVERY YEAR THE SCHOOL GRADUATES SOME 15 STUDENTS, THE MAJORITY OF WHOM GO ON TO PERFORM WITH SUCH RENOWNED CIRCUSES AS THE BAROQUE, DU SOLEIL, ÉLOIZE, GOSH, KNIE, MONTI, PLUME AND POCHEROS. THROUGHOUT THE YEARS, THE SCHOOL'S STUDENTS HAVE GARNERED NUMEROUS AWARDS AT THE WORLD'S MOST PRESTIGIOUS CIRCUS FESTIVALS IN PARIS, CHINA AND BELGIUM.

THE FACTORS THAT CONTRIBUTE TO THE SUPERIOR PERFORMANCE OF THE SCHOOL AND ITS GRADUATES OVER THE YEARS ALSO APPLY TO BUSINESSES THAT SEEK TO PERFORM BETTER THAN THEIR PEERS: TRAINING, DISCIPLINE, TEAMWORK, STRENGTH, PRECISION AND ABOVE ALL, A DESIRE TO EXCEL.

TABLE OF CONTENTS

GROUP ORGANIZATION CHART



Above percentages denote participating equity interest in principal subsidiaries and affiliated company as at December 31, 2000.

(1) 65 per cent direct and indirect voting interest
(2) The acquisition by Investors Group of all of the outstanding common shares of Mackenzie Financial Corporation under the terms of its cash and share offer made in January 2001 (including issuance of treasury shares to both Great-West Life and Power Financial) would result in Power Financial holding a direct interest in Investors Group of no less than 56.2 per cent following completion of the transaction, with Great-West Life holding a 3.5 per cent equity interest. The offer is more fully described on page 12 of this report.
(3) 61.4 per cent voting interest

GEOGRAPHIC DISTRIBUTION OF INVESTMENTS

POWER FINANCIAL CORPORATION HAS SIGNIFICANT INTERESTS IN THE FOLLOWING COMPANIES:

INVESTORS GROUP INC. provides personal financial planning services and related products in Canada with a dedicated network of 3,500 consultants. It provides mutual funds, as well as securities services and a wide range of mortgage, insurance and brokerage services. Mutual fund assets under management exceed $44 billion.

GREAT-WEST LIFECO INC. holds a 100 per cent interest in The Great-West Life Assurance Company ("Great-West Life") and in Great-West Life & Annuity Insurance Company. Great-West Life also holds a 100 per cent interest in London Insurance Group Inc., which in turn owns a 100 per cent interest in London Life Insurance Company. Total assets and assets under administration of Lifeco and its operating subsidiaries are over $92 billion.

THE GREAT-WEST LIFE ASSURANCE COMPANY is a Canadian life and health insurance company providing group insurance and disability insurance products plus a broad selection of insurance and retirement savings and income products, including a range of investment funds.

LONDON LIFE INSURANCE COMPANY provides savings, retirement income and individual life insurance products and mortgages in Canada and operates internationally through its subsidiary London Reinsurance Group Inc., a supplier of reinsurance in the United States and Europe.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY operates in the United States of America, providing employee benefits for corporations and meeting the retirement income needs of employees in the public/non-profit sector.

THE PARGESA GROUP holds significant positions in a selected number of large companies based in Europe. These companies operate in strategic industries including media, energy, public utilities, and specialty minerals.

POWER FINANCIAL CORPORATION

FINANCIAL HIGHLIGHTS

December 31 (in millions of dollars, except per share amounts)	2000	1999
Total revenue	16,531	14,436
Net earnings	786	834
Operating earnings per common share	2.00	1.68
Earnings per common share	2.18	2.32
Dividends per common share	0.7250	0.6025
Total assets	59,354	56,903
Total assets and assets under administration	141,011	131,281
Shareholders' equity	4,963	4,462
Book value per common share	12.72	11.28
Common shares outstanding (in millions)	347.1	346.8

PAUL DESMARAIS, JR.
CHAIRMAN OF THE BOARD,
POWER FINANCIAL
CORPORATION

ROBERT GRATTON
PRESIDENT AND
CHIEF EXECUTIVE OFFICER,
POWER FINANCIAL
CORPORATION

Power Financial Corporation's share of operating earnings from its subsidiaries and affiliate increased to $736 million from $621 million in 1999, primarily reflecting significant growth in the earnings of Great-West Lifeco Inc. and Investors Group Inc.

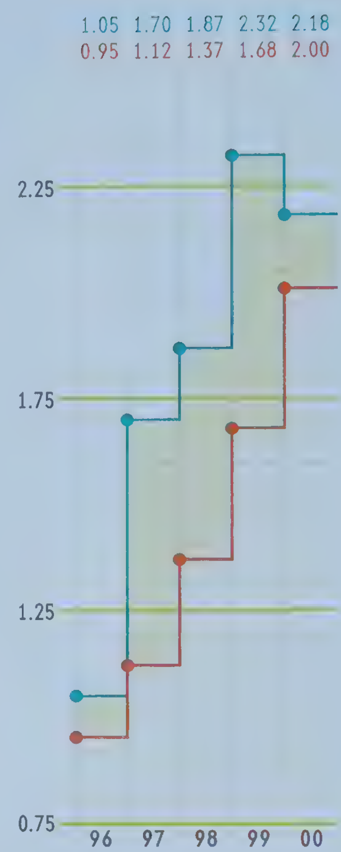
Other operating items, which include income from investments, operating expenses, interest expense, amortization and depreciation, and income taxes, brought the total operating results to $726 million, or $2.00 per share, from $612 million, or $1.68 per share in 1999, ahead by more than 19 per cent on a per share basis.

Other income of a non-recurring nature, consisting primarily of the Corporation's net share of gains realized within the Pargesa group, was $60 million, or $0.18 per share in 2000, as against $222 million, or $0.64 per share in the previous year. Included in the 1999 figure was the significant gain resulting from the PetroFina – Total merger recorded during the first quarter of that year.

As a result, Power Financial's consolidated net earnings for 2000, including other income of a non-recurring nature, amounted to $786 million, or $2.18 per share, as against $834 million, or $2.32 per share in the prior year.

DIVIDENDS For the ninth consecutive year, the Corporation's common share dividend was increased so that at the end of 2000, the quarterly dividend was 20 cents per share, compared with 16.50 cents at the end of 1999. Total dividends declared on common shares amounted to 72.50 cents per share in 2000, compared with 60.25 cents in 1999, representing an increase of 20 per cent.

The Corporation's principal subsidiaries and affiliate also increased their dividends in 2000. Lifeco's quarterly dividend was 17 cents per common share at the end of 2000, as against 14 cents at the end of 1999. The dividend paid on common shares of Investors Group increased from 13 cents to 16 cents per share during the year. During the same period, Pargesa Holding increased its dividend per bearer share from SF73 to SF74.



POWER FINANCIAL CORPORATION
EARNINGS PER SHARE (IN DOLLARS)
● *Other income, net*
● *Operating earnings*

NORTH AMERICA Lifeco again made the largest contribution to Power Financial's profitability in 2000. Lifeco's net income attributable to common shareholders was $643 million, compared with $536 million in 1999, an increase of 20 per cent.

Lifeco's return on common equity was 18.6 per cent for the year 2000, and has averaged 16.2 per cent over the last five years. This represents an above-average return for the financial services industry.

During the year 2000, Lifeco completed a reorganization establishing separate and distinct operations in Canada and the United States (discussed further in this report). Results for the year 2000 are reported in respect of Lifeco's two main operating subsidiaries: the Canadian company, The Great-West Life Assurance Company ("Great-West Life"), and the American company, Great-West Life & Annuity Insurance Company ("GWL&A").

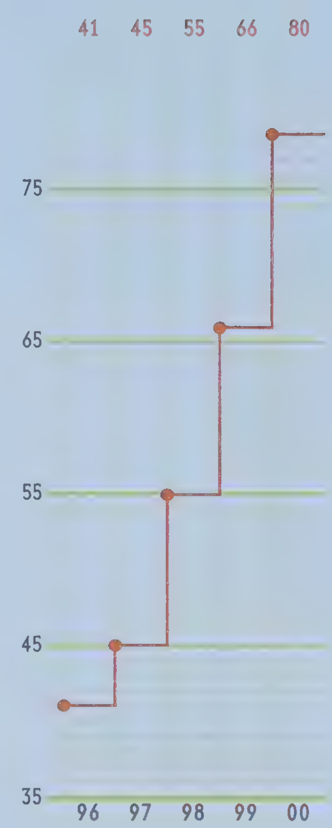
Great-West Life, in Canada, reported net income attributable to common shareholders of $257 million, up 20 per cent from $215 million in 1999. GWL&A, in the United States, reported net income attributable to common shareholders of $386 million, compared with $321 million in 1999, an increase of 20 per cent.

The increase in Great-West Life's net income in 2000 reflected growth in fee income, strong investment performance and favourable morbidity experience, mitigated by a deterioration in reinsurance margins. GWL&A reported that the positive earnings result was due to a combination of increased fee income, strong investment performance and favourable morbidity experience, offset somewhat by unfavourable group mortality experience.

Investors Group reported net income of $284 million, compared with $236 million in 1999, an increase of 20 per cent. This is the ninth consecutive year in which Investors Group's earnings have grown by at least 15 per cent.

Investors Group's return on common equity for the year 2000 was 28.1 per cent and has averaged over 23 per cent during the last five years.

Assets under management and administration of Investors Group at December 31, 2000 totalled $48 billion, compared with over $43 billion in 1999. Mutual fund assets were $44 billion at year-end, compared with $41 billion a year earlier. Investors Group's redemption rate, excluding money market funds, continued to outperform the average for all other members of the Investment Funds Institute of Canada.



POWER FINANCIAL CORPORATION
ANNUALIZED DIVIDEND AT YEAR-END
(IN CENTS PER SHARE)

EUROPE Power Financial's share of net operating earnings of its European affiliate, including the effect of negative currency fluctuations, was $44 million in 2000, nearly the same level as in 1999. In addition, Power Financial's net share of Other income of a non-recurring nature recorded by Pargesa amounted to $60 million in 2000, as compared with $235 million in 1999, (which consisted mainly of the gain resulting from the PetroFina – Total merger).

The Pargesa group's operating affiliates once again reported improvement in the operating results: at Imerys and Suez, net operating income increased by 17 per cent and 43 per cent respectively and it more than doubled at TotalFinaElf. RTL Group, the new entity formed in July 2000, reported a pro forma EBITA (earnings before interest, taxes and amortization) increase of 29 per cent. These increases are offset in Pargesa's net consolidated results by changes in the structure of its portfolio.

GROUP DEVELOPMENTS

NORTH AMERICA In November 2000, Investors Group, Great-West Life and London Life entered into a long-term distribution arrangement with the Canadian Imperial Bank of Commerce ("CIBC"). Under this exclusive arrangement, the three Power Financial group companies will distribute banking and brokerage products and services under their own brands, through their respective consultant and adviser networks nationwide. CIBC, through its Amicus division, will provide the products and services as well as the operating infrastructure and technology to support these efforts.

In December 2000, Great-West Life effected a corporate reorganization under which ownership of its U.S. subsidiary, GWL&A, was conveyed to a newly formed, wholly owned direct subsidiary of Lifeco. As a result, GWL&A ceased to be a subsidiary of Great-West Life (see the group organization chart on page 4 of this report). This completed a process begun in the early 1980s of establishing separate and distinct operations in Canada and the United States to allow a better focus on each of these distinct markets. The reorganization received regulatory approval and was effective December 31, 2000.

In January 2001, Investors Group received the support of Mackenzie Financial Corporation's Board of Directors and management to make an offer to acquire 100 per cent of the outstanding common shares of Mackenzie Financial for consideration valued at $4.15 billion. The combination of Investors Group and Mackenzie Financial will make them the dominant mutual fund franchise in Canada, the best balanced in terms of product offerings and distribution channels, and the low cost producer.

Mackenzie Financial shareholders were offered $30.00 per Mackenzie share payable, at their option, in cash or in Investors Group shares, based upon an exchange ratio of 1.2 Investors Group shares per Mackenzie share, being an issue price of $25.00 per Investors Group share, or in any combination thereof, subject to a maximum cash amount of $3.18 billion and a maximum of 38,720,011 Investors Group shares being available through the offer. The offer is conditional upon acceptance by the holders of at least two-thirds of the common shares of Mackenzie. Further description of the offer may be found in Note 18(a) on page 104 of this report.

Great-West Life participated in the offer by undertaking to invest $230 million to acquire 9,200,000 treasury common shares of Investors Group. Power Financial Corporation committed to invest up to $138 million in treasury common shares of Investors Group in support of the transaction.

EUROPE On April 7, 2000, Pargesa Holding's affiliates, Groupe Bruxelles Lambert S.A. ("GBL") and Electrafina S.A., Bertelsmann AG of Germany and Pearson plc of England announced that they had agreed to merge CLT-UFA and Pearson Television with Audiofina S.A. to form a major pan-European integrated commercial television and radio broadcast and content company. As part of this transaction, GBL/Electrafina and Bertelsmann agreed to reorganize their interests in CLT-UFA, over which they had joint control since 1997. Following the completion of the merger, which became effective in July, Audiofina, which was renamed RTL Group, became the parent company of the new group with the objective of managing all its media operations as a unified group. GBL/Electrafina had a 30 per cent interest in RTL Group, and joint control with Bertelsmann. RTL Group, with headquarters in Luxembourg and shares traded on the London Stock Exchange is Europe's largest free-to-air television broadcaster, a major international producer and provider of television programming, and has a powerful European on-line presence on the Internet.

In February 2001, Power Financial Corporation and the Frère group announced that GBL/Electrafina and Bertelsmann AG had agreed to a share exchange of GBL's 30 per cent interest in RTL Group for a 25 per cent interest in Bertelsmann AG, the holding company of the Bertelsmann group. Following the transaction, which is subject to the approval of the competent authorities, Pargesa and GBL become the only publicly traded companies with a significant share interest in Bertelsmann AG. The transaction allows the group's media interests, which were focused in Europe and on electronic media, to evolve into a diversified global media business with print, music, electronic media, and Internet activities in Europe, North America and Asia.

On March 13, 2001, the Boards of Directors of GBL and its 82.8 per cent owned subsidiary Electrafina announced that they will submit an amalgamation proposal to their respective shareholders in April, further simplifying the structure of the group. The new entity will be Groupe Bruxelles Lambert. Following amalgamation, Pargesa will hold a 48.2 per cent equity interest (50.1 per cent of the voting rights) in the new GBL.

BOARD OF DIRECTORS Mr. André Bisson retired from the Board of Directors in May 2000. Mr. Bisson had been a director of Power Financial Corporation since 1984. He served on the Corporation's Audit Committee from 1987 to 2000. A leading Canadian businessman, he brought a valuable perspective to the work of Power Financial's Board of Directors.

OUTLOOK During the past year, Power Financial and its North American affiliates have taken important steps to strengthen their position and expand their presence in the financial services industry. These companies are leaders in their fields with leading market shares, low production costs and strong distribution systems, and stand to benefit from the growing demand for financial products and services.

The Europe-based Pargesa group holds interests in companies that are among the world's leaders in their fields. These companies are well placed to participate in anticipated growth in the media, energy, public utilities, and specialty minerals industries.

Your directors wish to express their appreciation to the officers, employees and representatives of the companies in the Power Financial group for their contribution to our group's success during this very significant year and to the shareholders for their confidence in our companies.

On behalf of the Board,

Paul Desmarais, Jr.
Chairman of the Board

Robert Gratton
President and Chief
Executive Officer

March 30, 2001

INVESTORS GROUP

GREAT-WEST LIFECO

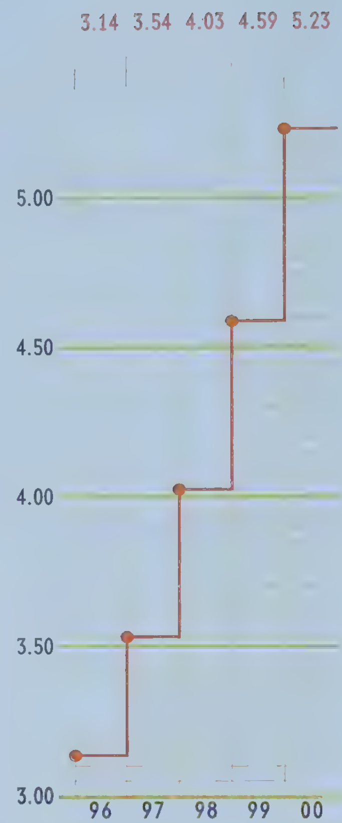
GREAT-WEST LIFE AND
LONDON LIFE

H. SANFORD RILEY
PRESIDENT AND
CHIEF EXECUTIVE OFFICER,
INVESTORS GROUP INC.

Investors Group Inc. is one of Canada's leading wealth creation and wealth management companies. Investors Group has been doing business in Canada for 75 years and has evolved from what was once largely a mutual fund company to one that provides clients with tailor-made financial solutions, built around a broad array of advice, products and services. Today, Investors Group has assets under management and administration of over $48 billion. The company's 140 mutual funds and managed asset funds encompass many diverse financial markets. The company also offers a broad range of other financial products and services, including life and health insurance products, mortgages, guaranteed investment certificates, annuities and securities services as part of the holistic financial planning approach that Investors Group takes with its clients.

The key factor in the historical success of Investors Group is its dedicated consultant network. More than 3,480 men and women in 102 financial planning centres deliver Investors Group's services and products to close to 1.17 million clients across Canada. Investors Group's consultants provide financial planning advice to help clients achieve long-term financial security including tax strategies and retirement planning services. They also maintain levels of personalized service that are unmatched in the financial services industry.

In late 2000, Investors announced a new co-venture with the Canadian Imperial Bank of Commerce which will offer new banking and brokerage services to Investors' clients in 2001. This co-venture is of strategic importance to Investors Group because it allows the company to align itself with an institution that brings different strengths to the table which complement the skills of its consultants in offering these additional services to clients. Shortly after the year-end, Investors announced its intention to acquire 100 per cent of Mackenzie Financial Corporation, one of Canada's leading mutual fund manufacturers. Upon closing in April, Investors Group and Mackenzie Financial will have over $85 billion in assets under management and administration. Investors Group will also have access to a wide variety of distribution channels and will build an industry-leading scale, both of which will strengthen its position in a very competitive market.



INVESTORS GROUP INC.
BOOK VALUE PER SHARE
(IN DOLLARS)

FINANCIAL PERFORMANCE Investors' record-setting results for 2000 can be attributed to many of the strategic initiatives undertaken over the past several years, as well as the ability of its consultants to advocate the maintenance of a well-diversified balanced portfolio, a focus on long-term objectives and an investment discipline that focuses on basic investment principles.

In 2000, the year started with buoyant stock markets and one of the most active RSP seasons in the history of the company. As the year progressed, the technology sector led a significant correction, market activity dropped off sharply and many investors experienced their first major prolonged correction along with the attendant fears that accompany negative market conditions. Investors Group's clients' assets held up well in the face of stiff declines in many markets as a result of their well-diversified balanced approach, combined with Investors Group's strong investment performance. Nearly 80 per cent of the assets in their Investors Master Series™ funds placed in the first or second quartile for one-year performance.

Investors Group achieved record earnings for the tenth straight year as net income increased 20.5 per cent from $236 million to $284 million. Earnings benefited from an increase in fee income from $940 million in 1999 to $1.1 billion at year-end, and an improving ratio in non-distribution expenses which declined during the year from 29.1 to 27.9 basis points of average mutual fund assets under management. Mutual fund sales for the year were $7.1 billion compared with $5.9 billion in the prior year. The company's redemption rate (excluding money market funds) for the twelve-month period ended December 31, 2000 was 11.7 per cent, which compared favourably to a rate of 15.4 per cent for all other member funds of the Investment

Funds Institute of Canada. Life insurance sales increased 5.8 per cent from $25 million to $27 million. Insurance in force grew in 2000 to $21 billion, compared with $18 billion in 1999. Mortgage originations were $843 million, compared with $1.01 billion in the previous year. Assets in the securities operations increased by 79.9 per cent over the previous year to $2.6 billion. During 2000, Investors Group's dividend per share increased for the fourteenth consecutive year, increasing by 12 cents to 61 cents.

ENHANCING ITS COMPETITIVE POSITION The financial services sector remains one of the most dynamic in Canada and is continuing to evolve in response to changing demographics and consumer attitudes, new technology and continued deregulation.

Investors realizes that in the new consumer dynamic which is developing, it must compete for relationships, not simply for the sale of individual products and services. In a market place now crowded with many players, the company's traditional strengths continue to set it apart: its financial planning ethic, its emphasis on long-term client relationships, its highly skilled consultants, its strong balance sheet and its historic record of leadership within the industry.

Investors Group's strategy continues to be to grow its business by building lasting client relationships. It will continue focusing its efforts on investments in areas that build and add value to the relationships its clients have with its consultants and with the company. Central to this is the quality, productivity and experience of its team of consultants. At the end of 2000, 58 per cent of Investors Group's 3,480 consultants had at least four years or more of experience in the business, up from 57 per cent in 1999. Complementary to this improvement in experience has been the enhancement of training which allows Investors Group consultants to keep pace with the increasingly complex task of developing individualized financial solutions. Investors Group ensures the quality of its consultants through a rigorous selection process, followed by extensive training in initial schools and ongoing development through Investors Group Institute, its comprehensive in-house continuing education facility. The company's consultants are fully supported through state-of-the-art technology and an extensive network of mortgage, insurance, securities, tax and advanced financial planning specialists.

In addition to Investors Group's banking and brokerage initiative, the company expanded and re-balanced its mutual fund product shelf in 2000 to provide greater style and geographic diversity. This included a completely new selection of multi-manager portfolio funds, additional technology and global funds, RSP eligible funds and new partner funds advised by Janus Capital Corporation and Fidelity Investments Canada Limited. Investors Group's in-house investment management arm continued to enhance its global investment capabilities by opening new offices in Hong Kong and Toronto to build on its existing operations in Winnipeg, Montréal and Dublin. The company also launched *iProfile™*, a new managed asset program designed for high net worth clients offering premiere investment expertise and many other features attractive to this

growing segment of the market. It has also developed a no-load option for its Master Series™ and partner funds that provides clients with a greater range of alternatives in designing their portfolios.

STRATEGY VALUE IN A COMPETITIVE ENVIRONMENT Consumers today have a much greater awareness of financial matters by virtue of easily accessible financial information via the Internet and the media, increased education on the part of the industry, and a continuing demographic shift of baby boomers who have reached the age where personal finances are of prime importance. The retail financial services sector continues to undergo a transformation – becoming an industry based on wealth management advisory relationships rather than one driven by discrete products and service offerings. Clients today value specialized financial solutions and yet appreciate the simplicity and confidence of working with one trusted adviser.

In order to meet the growing complexity and scope of their clients' needs, the company is continuously expanding and refining its products and services and enhancing the training and support it provides its consultants. In 2000, Investors Group laid the groundwork to enable clients to view their entire position with Investors Group on-line, starting with a completely redesigned website that is more informative, interactive and integrated. The intention is that in 2001, clients will have the opportunity to do their banking on-line and, down the road, to allow those with brokerage accounts, through its subsidiary securities dealer, to conduct transactions via the Internet.

Investors believes that for the long-term health and credibility of the mutual fund industry, it is imperative that all investors have confidence in the regulatory system that governs the conduct of their industry. It supports the newly created Mutual Fund Dealers Association of Canada which is charged with establishing and regulating appropriate standards for the industry and the protection of the consumer. It also believes that the industry must do more to demonstrate its commitment to the interests of consumers and Investors continues to advocate the establishment of high professional standards which will apply equally to all industry participants. Strong growth in the financial services sector has continued throughout 2000 and analysts forecast that this will continue well into this decade. This view is supported by positive trends for the industry such as the shift to long-term investments brought on by lower interest rates, increasing ease of investment, concern over the adequacy of government-sponsored pension plans and changing demographics. Investors Group will continue to adapt and evolve to take advantage of the opportunities created by this growth while retaining the core values and traditional strengths that have served it well in the past. The record results of 2000 are indicative that the progress made by Investors Group has laid the foundation to reach its goal of becoming the leading wealth creation and wealth management company in Canada.

™ Trademarks owned by Investors Group Inc. and licenced to its affiliated companies.

Great-West Lifeco Inc. ("Lifeco") is a financial services holding company with interests in the life and health insurance, investment and retirement savings, reinsurance and specialty general insurance businesses, primarily in Canada and the United States.

Lifeco and its companies have more than $92 billion in assets under management. Its major subsidiaries are The Great-West Life Assurance Company ("Great-West Life") in Canada and Great-West Life & Annuity Insurance Company ("GWL&A") in the United States. Lifeco holds a 100 per cent interest in Great-West Life and GWL&A. Great-West Life holds 100 per cent of London Insurance Group Inc., which in turn holds 100 per cent of London Life Insurance Company ("London Life").

Great-West Life, London Life and GWL&A continue to hold superior ratings from the major rating agencies, including A.M. Best Company, Canadian Bond Rating Service, Dominion Bond Rating Service, Fitch, Inc., Moody's Investors Service, and Standard & Poor's Corporation.

MAKING A DIFFERENCE The success of Lifeco stems from its companies' long history of making a difference – to individuals, families, business owners and organizations in North America and beyond.

Lifeco continues to strengthen and diversify its businesses in a number of ways: through acquisitions that reinforce its position as a leading provider of financial security solutions, by aligning its strengths with those of other leaders in the financial services industry, and finally, by stimulating and strengthening the channels through which products and services reach its clients.

In 2000, Lifeco continued its trend of double-digit growth. Earnings for common shareholders increased 20 per cent, to $1.72 per share in 2000, compared with $1.43 in 1999. Return on equity reached 18.6 per cent and has averaged 16.2 per cent over the last five years , which places it among the leaders in the Canadian financial services industry.

Earnings growth was driven by strong performance by both of Lifeco's operating subsidiaries, Great-West Life and GWL&A.

Total premiums and deposits increased 35 per cent during the year. Strong performance in the Canadian group insurance business and the acquisition of the blocks of business of General American Life Insurance Company and Allmerica Health and Life Insurance Company in the United States contributed to a 61 per cent increase in self-funded premium equivalents (from administrative services only (ASO) contracts). Segregated funds continued to be a popular choice with consumers seeking to accumulate retirement funds, with deposits to individual accounts increasing 41 per cent. Premiums from guaranteed products were up 10 per cent, also contributing to the healthy growth in premium income.

Fee income also grew sharply, up 34 per cent, reflecting the strength of the wealth accumulation and ASO businesses in Canada and the United States. Total assets under administration were $92.9 billion at year-end, an increase of 7 per cent during the year. Once again, asset growth was fed by robust sales of segregated funds.

Lifeco has a long, successful track record as a shareholder-owned organization. In the year 2000, for the eighth year in a row, the company increased dividends for common shareholders. Common share dividends paid out rose by 23 per cent to $0.65 a share for the year, with a five-year compound growth of 22 per cent.

CORPORATE REORGANIZATION On December 31, 2000, Great-West Life conveyed ownership of GWL&A to a newly formed subsidiary of Lifeco. Great-West Life and GWL&A are now sister companies, focused on their respective markets. The reorganization completed a process, started many years ago, of establishing separate and distinct operations in Canada and the U.S.

Lifeco reported that the reorganization had no impact on the financial strength of its subsidiaries, and all major rating agencies reaffirmed their ratings following the reorganization. Great-West Life and GWL&A's regulatory capital positions remain strong.

Earlier in the year, the Canadian Bond Rating Service had realigned the investment strength ratings for Great-West Life and London Life, from AAA to AA+, to better align their ratings with those of the companies' recently rated industry peers. The AA+ rating is the highest rating given by CBRS to any Canadian life insurance company.

RAYMOND L. McFEETORS
PRESIDENT AND
CHIEF EXECUTIVE OFFICER,
GREAT-WEST LIFE
AND LONDON LIFE

Great-West Life and its subsidiary, London Life, serve more than nine million Canadians with a broad portfolio of financial and benefit plan solutions for individuals, families, businesses and organizations. Together, the companies have a leading market share in each of their core domestic businesses – individual life insurance, group life and health insurance, retirement saving and income, and individual disability insurance. Great-West Life is also a supplier of reinsurance in the United States and Europe through London Reinsurance Group.

In 2000, Great-West Life continued to put its leading market positions in Canada to work for shareholders and clients.

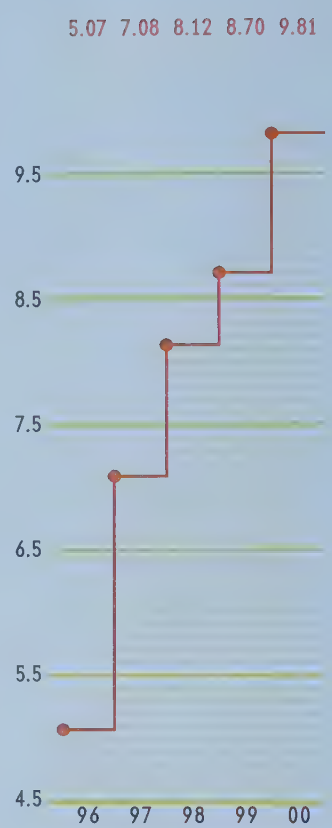
Net income attributable to common shareholders continued its pattern of strong growth, up 20 per cent to $257 million in the year 2000. Shareholder net income reflected increased fee income, strong investment performance and favourable morbidity experience, mitigated by a deterioration in reinsurance margins as well as a provision related to reducing the company's exposure in the Taiwan market.

Premium income and deposits and fee income increased 26 per cent, fed by strong performance in the group insurance and wealth accumulation businesses. Segregated and mutual funds sales outpaced the industry average in 2000, while group insurance sales increased 20 per cent overall, reflecting the competitive strength of the company's products and distribution networks.

Total assets under administration increased 8 per cent in 2000, to $51.8 billion at December 31 – $33.1 billion in general funds assets and $18.7 billion in segregated funds assets. New investments in 2000, including reinvestment of maturing assets, were primarily in bonds and mortgages, with a small increase in exposure to equity markets.

The overall quality of the bond portfolio, the largest single component of the company's invested assets, continued to be high, with 99 per cent of the portfolio rated investment grade. The company's mortgage portfolio was stable at $7.5 billion, with 61 per cent invested in commercial loans and 39 per cent in single family residential loans.

Great-West Life and London Life continued to experience benefits from integrating their product development, administration and service operations. Total expenses declined, for the third consecutive year, by 3 per cent or $18 million over 1999. Total expenses were down 14 per cent or $105 million from comparable 1998 levels.



GREAT-WEST LIFECO INC.
BOOK VALUE PER SHARE
(IN DOLLARS)

COMPETITIVE ADVANTAGES One of Great-West Life's core strengths is its distribution strategy. The company has harnessed the two dominant distribution strategies in the industry – multi-channel and exclusive channel – and capitalized on the best features of each to maintain its market-leading position.

In 2000, Great-West Life continued to form alliances with leading financial institutions to expand the multiple channels distributing its group insurance, individual disability insurance and segregated funds products, and to provide more complete financial services and advice for clients.

These initiatives include:

- An alliance, in conjunction with Investors Group, with the Canadian Imperial Bank of Commerce, a leader in e-banking in Canada. Ultimately, Great-West Life and London Life will introduce a broad suite of banking products and services, available through their respective financial security adviser networks nationwide.
- Alliances with two leading insurers that expanded the range of life insurance and investment products offered, and the distribution reach for Great-West Life's market-leading disability and small group insurance products.
- An agreement that saw Great-West Life become the preferred successor carrier for the small group clients of an insurer exiting that market.
- The launch of a new subsidiary, *Quadrus Investment Services Ltd.*, a mutual fund dealer with 40 exclusive mutual funds, serving the needs of both Great-West Life and London Life distribution channels.

FREEDOM 55™ STRENGTHENED London Life's exclusive distribution channel, coupled with its widely recognized Freedom 55 brand, has helped it develop a large client base of nearly two million people.

To build on this strength, and broaden consumers' understanding of the range of services the company offers its clients, London Life rebranded its distribution organization in 2000. *Freedom 55 Financial™* is a full-service financial security adviser organization, able to provide clients with financial advice over their lifetime, with a full range of products and marketing support.

While the company believes the one-on-one relationship with a client will remain the primary method of delivering financial services, it also recognizes that the Internet will assume increasing importance as a means of delivering service.

In 2000, Great-West Life and London Life premiered an on-line service, grsaccess.com, providing retirement plan sponsors, members and advisers with a wide range of real-time tools to manage their retirement plans. For benefit plan sponsors, the company introduced on-line enrolment and laid the groundwork to roll out its popular on-line administration system, *GroupNet™*, to small group clients over the coming year. The company also began work on a major web-based initiative to offer benefit plan sponsors and plan members a range of real-time transactions, to help them manage their benefit plans.

Freedoom 55™ and Freedom 55 Financial™ are trademarks of London Life Insurance Company.
GroupNet™ is a trademark of The Great-West Life Assurance Company.

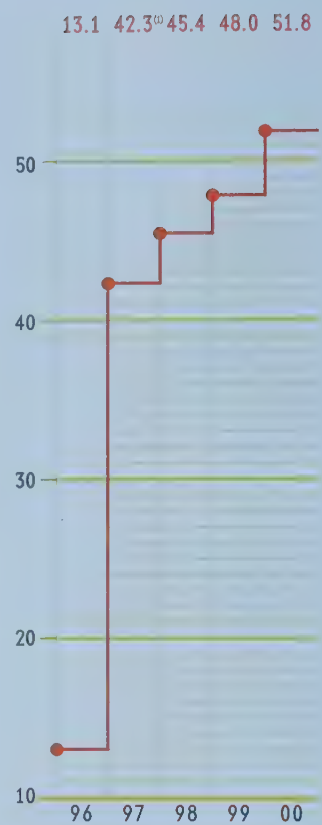
These initiatives are in addition to existing web-based service sites providing financial security advisers with technology, client information, marketing and reference materials, software and industry news.

OUTLOOK Consolidation in the Canadian insurance market place will continue to open up opportunities for distribution alliances. Great-West Life expects an enhanced revenue stream from the distribution alliances negotiated in 2000, and will work to increase its penetration of the high net worth market, and to expand sales within the large London Life client base.

Demutualization and consolidation have also resulted in price rationalization in the group insurance market place, which leaves Great-West Life, as low-cost producer with leading market share, positioned for significant potential growth of group insurance premium and net operating income.

The company also sees positive developments on the legislative front. The proposed new federal financial regulation package offers insurers increased competitive flexibility, balanced with enhanced protection for consumers.

Great-West Life believes that the qualities that set it apart – the diversity of its businesses, the power of its brands and the exceptional strength of its distribution channels – position it well in this evolving business environment.



GREAT-WEST LIFECO INC.
TOTAL ASSETS AND ASSETS UNDER ADMINISTRATION (CANADA)
(IN BILLIONS OF DOLLARS)

(1) *The 1997 increase includes the effect of the London Insurance Group Inc. acquisition.*

GREAT-WEST LIFE & ANNUITY

UNITED STATES

WILLIAM T. McCALLUM
PRESIDENT AND
CHIEF EXECUTIVE OFFICER,
GREAT-WEST LIFE & ANNUITY

Great-West Life & Annuity Insurance Company ("GWL&A") is a wholly owned subsidiary of Lifeco. It is domiciled in the state of Colorado, in the United States of America. The company is a leader in providing employee benefits for small- to mid-sized corporations and in meeting the retirement income needs of employees in the public/non-profit sector. GWL&A serves more than 5 million Americans with a full range of managed health care, life and disability insurance, and defined contribution retirement savings plans.

The year 2000 was a remarkable one for GWL&A.

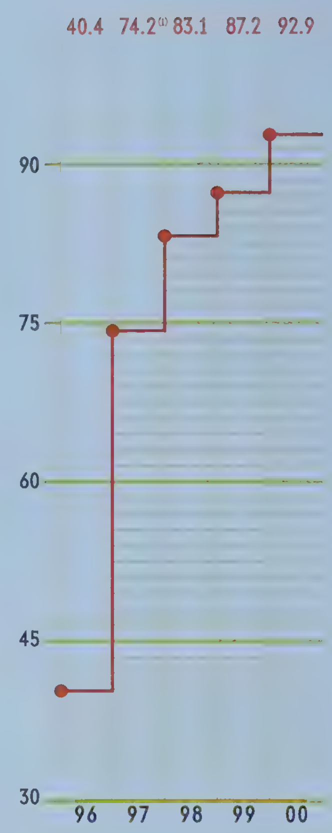
Net income attributable to common shareholders increased 20 per cent to $386 million. Premium income and deposits and fee income all showed outstanding growth, fueled by a combination of internal growth and by business acquisitions in prior years.

Total premium income and deposits increased 42 per cent over 1999, driven by a 74 per cent increase in self-funded premium equivalents from administrative services only ("ASO") contracts. Premiums from guaranteed products increased 21 per cent, largely due to the 1999 acquisition of the group life and health business of General American Life Insurance Company. Fee income continued its upward trend, increasing 37 per cent over 1999.

Sales were very strong in the company's public/non-profit defined contribution pension plan services line of business. Results of these sales are expected to emerge in 2001 as participant enrolments are completed and cash begins to flow. In Employee Benefits, the company's self-funding approach to financing health care and its broad array of products was well received in the market place, with new case sales running well ahead of 1999.

Total assets under administration by GWL&A increased 5 per cent in 2000, to $41.1 billion at December 31 – $22.6 billion in general funds assets and $18.5 billion in segregated funds assets. More than 90 per cent of GWL&A's invested assets are invested in cash, bonds or policy loans. The overall quality of the bond portfolio, the largest single component of the company's invested assets, continued to be high, with 99 per cent of the portfolio rated investment grade.

GWL&A's health care business has experienced a dramatic increase since 1999, when the company acquired the group health business of General American Life Insurance Company and Allmerica Financial Corporation. With these two acquisitions, the company's total group health business now ranks it among the largest health care companies in the United States. The company expects that these additional blocks of business will fuel earnings growth in 2001.



GREAT-WEST LIFECO INC.
TOTAL ASSETS AND ASSETS UNDER ADMINISTRATION (IN BILLIONS OF DOLLARS)
(1) The 1997 increase includes the effect of the London Insurance Group Inc. acquisition.

PARTNERS IN SERVICE The Employee Benefits Division has a heritage of continuous, profitable, customer-focused growth. The Division's strength lies in the type of retirement and health products it offers employers, and in the services it delivers to plan members.

GWL&A long ago moved away from providing traditional health insurance products to offering managed care plans with various funding alternatives. This approach offers greater efficiencies in delivering health care products and services, and in managing their costs.

Among the service initiatives in 2000 was the restructuring of One Health, GWL&A's managed care company, into integrated *Regional One Centers*. These centres provide One Health Plan clients with integrated medical management and contracting, claim processing and client service for clients from one regional location. This innovative approach is designed to ensure that each customer receives the level of care appropriate for his or her condition. Three of the planned six centres were completed in 2000, with the remainder scheduled for the current year.

This past year, One Health Plan became one of the first groups of health plans in the U.S. to launch a national, full-scale, chronic health management program that includes all members. The *CareResults* program helps health plan members who have asthma, diabetes, and/or cardiac health problems play an active role in minimizing their conditions. Managing these conditions helps control demand for more expensive services, for example, by reducing the need for hospitalization. This in turn helps GWL&A manage costs and provide quality health care services at competitive rates.

The company takes a similar, service-centered approach to its retirement business.

GWL&A formed an alliance with Financial Engines of Palo Alto, California to make on-line investment information available to participants of various types of defined contribution retirement plans. In the past, this type of sophisticated information – which includes financial projections, investment allocation options and personalized advice – has been available only to the largest pension funds and investment firms.

MARKET LEADER The Financial Services Division has carved out a niche in providing retirement savings and income plans for public/non-profit organizations across the United States, and in distributing life insurance products through partnerships with banks and brokerages.

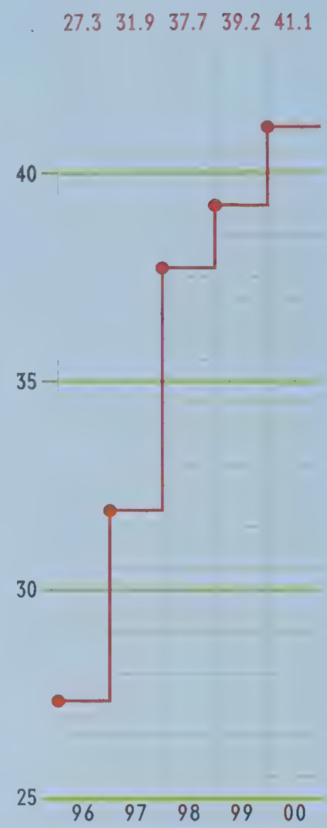
In 2000, the Financial Services Division continued to enhance its position, adding new plans, expanding relationships with existing plan customers, and broadening the services offered to customers.

GWL&A's public/non-profit defined contribution services – rebranded BenefitsCorp in 2000 – have experienced remarkable growth on all fronts over the past ten years. In 2000, this business achieved a milestone of more than one million customers, and remains a leader in the government and health care market segments. It achieved this partly through new sales and partly through adding services for existing clients, which increased their participation rates.

BenefitsCorp was selected to provide full scope defined contribution plan services for a number of additional state deferred compensation and retirement plans, including Colorado, Oklahoma and the Commonwealth of Virginia, as well as the cities of St. Louis and Houston. Together, these plans represent over 70,000 participants. BenefitsCorp now provides such services to 13 states.

GWL&A's pension administration services company – FASCorp – approached the two million customer mark in 2000, placing it among the leaders in this market.

The State of Montana renewed its relationship with the company, which acts as administrator for the State's Section 457 employee retirement plan, with over 7,500 participants. The State also selected Great-West as record keeper for a new defined contribution plan, expected to include up to 10,000 participants when it takes effect in 2002.

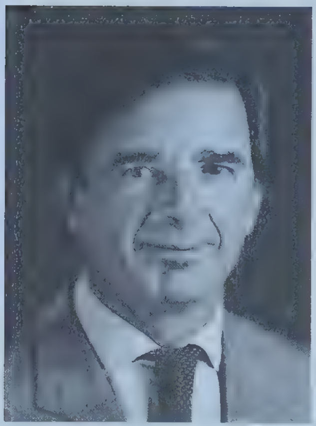


GREAT-WEST LIFECO INC.
TOTAL ASSETS AND ASSETS UNDER ADMINISTRATION (UNITED STATES) (IN BILLIONS OF DOLLARS)

The company continued to develop its business of selling life insurance through bank partners. This initiative had solid growth in 2000, and prospects are favourable for developing a successful business model in this area. In addition, GWL&A continues to be a market leader in the sale of insurance to corporations.

OUTLOOK In the coming year, the company expects to realize the benefits from the acquisitions made and the growth realized in the past year. This will require diligence in managing margins and realizing the expected synergies. GWL&A also expects to be fully involved in helping shape the future of the United States' health care financing system, which will be a major political topic in 2001.

THE PARGESA GROUP



AIMERY LANGLOIS-MEURINNE
MANAGING DIRECTOR,
PARGESA HOLDING S.A.
AND CHAIRMAN OF THE
SUPERVISORY BOARD,
IMERYS S.A.

POWER FINANCIAL EUROPE B.V. Power Financial Europe B.V. ("PFE"), which has its headquarters in Rotterdam, the Netherlands, is a wholly owned subsidiary of Power Financial Corporation. Its main investment is a 50 per cent interest in Parjointco N.V. As at December 31, 2000, PFE had cash holdings of $137 million.

PARJOINTCO N.V. Power Financial Corporation and the Frère group of Belgium each hold a 50 per cent interest in Parjointco N.V., a Netherlands-based holding company. Its shareholders' equity exceeded $2.6 billion at December 31, 2000. Parjointco's principal holding is a 54.7 per cent equity interest (representing 61.4 per cent of the voting shares) in Pargesa Holding S.A. ("Pargesa"), the Pargesa group's parent company, which is based in Geneva, Switzerland.

PARGESA HOLDING S.A. As at December 31, 2000, Pargesa had a 54.6 per cent equity interest (representing 59.1 per cent of the voting rights) in Groupe Bruxelles Lambert S.A. ("GBL"). Pargesa and GBL together held a 54.1 per cent interest in Imerys S.A. At that date, Pargesa had shareholders' equity of $4.7 billion.

GROUPE BRUXELLES LAMBERT S.A. Based in Brussels, Belgium, GBL holds a joint controlling interest with Pargesa in Imerys, a world leader in specialty minerals. Through Electrafina S.A., an intermediate holding company which it controls, GBL has interests in three leading European companies active in the media (RTL Group), public utilities (Suez) and energy (TotalFinaElf) sectors. As at December 31, 2000, GBL had shareholders' equity of $8.8 billion.

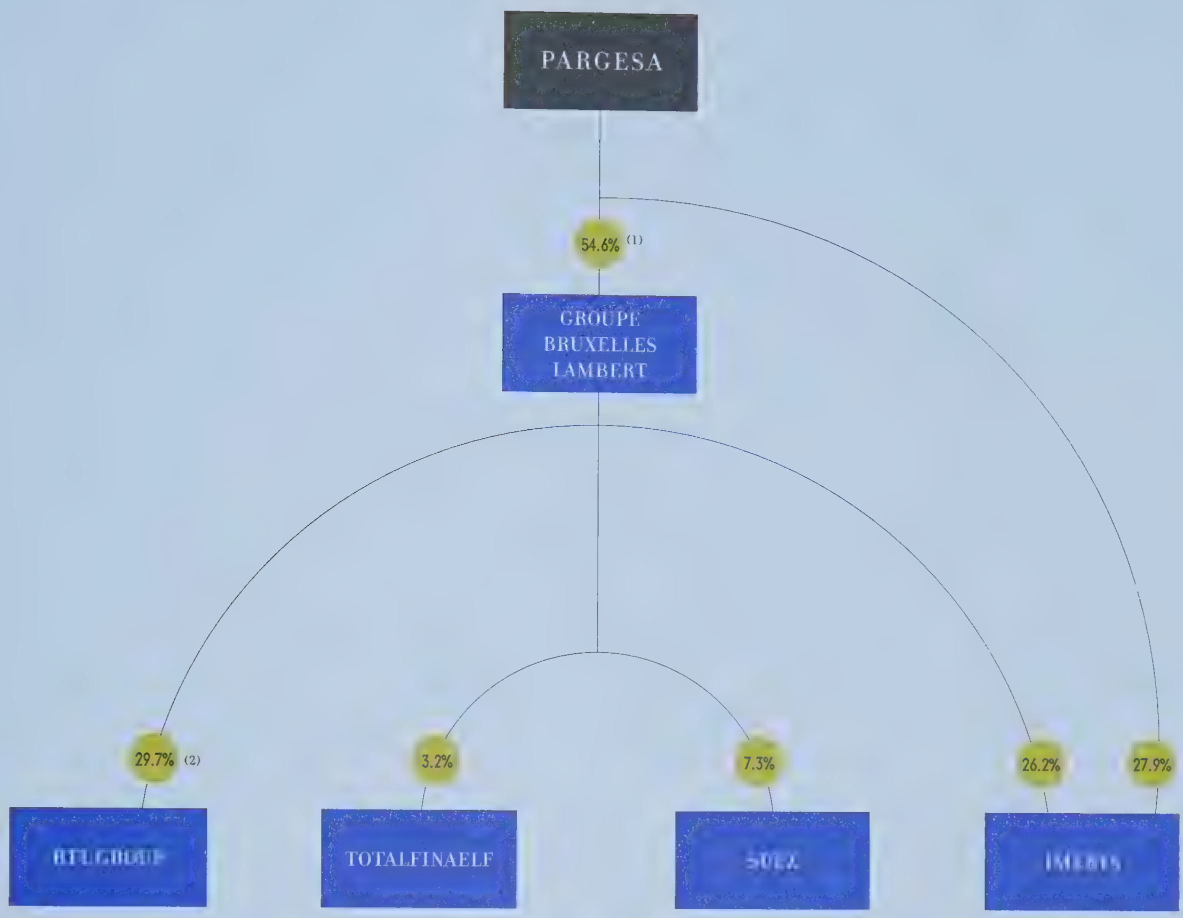
HIGHLIGHTS The Pargesa group's strategy is to focus on developing and adding value to its investments while simplifying and consolidating its financial structure. In recent years, the group has also concentrated on a small number of often local or regional businesses with a view to turning them into world-class companies. As at December 31, 2000, the group's four main holdings – RTL Group, Imerys, TotalFinaElf and Suez – accounted for more than 95 per cent of Pargesa's net asset value.

In keeping with this strategy, the Pargesa group and its four main operating companies initiated major transactions in 2000 and early 2001.

In the first half of 2000, CLT-UFA merged with Audiofina, its parent company, and Pearson Television to create RTL Group, Europe's television and radio broadcasting and content leader. As a result, GBL and Electrafina, which together controlled Audiofina prior to the transaction, hold 30 per cent in RTL Group. The new entity is traded on the London, Brussels and Luxembourg stock exchanges and is jointly controlled by GBL and the Bertelsmann group of Germany. Pearson Television is one of the world's largest independent television producers.

In 2000 and early 2001, RTL Group completed many significant acquisitions to strengthen the group's position in the following holdings: in Germany, RTL Group increased its stake in the Vox television station to 99.7 per cent in 2000, after having raised it from 25 per cent to 75 per cent in December 1999. It also acquired an additional 11 per cent of RTL Television, bringing its equity interest to 100 per cent; in the United Kingdom, RTL Group increased its interest in Channel 5 from 29 per cent to 35.4 per cent, thus as a result of the merger with Pearson, RTL Group now controls 65 per cent of Channel 5; in France, it acquired another 2 per cent of M6 for an equity interest of 42 per cent; in the Netherlands, it increased its control position in HMG, which holds the interests in the group's Dutch television operations, from 66 per cent to 100 per cent; and in Spain, the group purchased 6.2 per cent of Antena 3, bringing its equity interest to 16.2 per cent.

On February 5, 2001, GBL announced that it planned to exchange its 30 per cent interest in RTL Group for a 25 per cent interest in Bertelsmann AG, the privately held holding company of the Bertelsmann group. Bertelsmann is a world leader in media and communications. Following the transaction, Bertelsmann will own 67 per cent of RTL Group. The transaction is subject to the approval of the competent authorities.

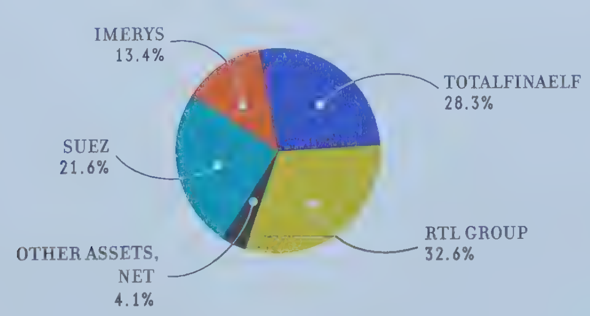


ABOVE PERCENTAGES DENOTE PARTICIPATING EQUITY INTEREST AS AT DECEMBER 31, 2000.

(1) Pargesa held 59.1 per cent of the voting rights in GBL at December 31, 2000.
TotalFinaElf and Suez were held, at December 31, 2000, through an intermediary holding company, Electrafina, of which GBL held 82.8 per cent. Electrafina held 20.4 per cent of RTL Group and GBL held directly 9.3 per cent (including options on RTL Group securities).
Pargesa's equity interest in GBL is expected to become 48.2 per cent (50.1 per cent of the voting rights) provided GBL and its subsidiary Electrafina approve the merger of the two entities at a shareholder meeting scheduled for April 6, 2001.

(2) Following closing of the Bertelsmann transaction described on page 15, GBL will hold a 25 per cent interest in Bertelsmann AG, and the latter will own 67 per cent of RTL Group.

DISTRIBUTION OF PARGESA'S NET ASSET VALUE AS AT DECEMBER 31, 2000

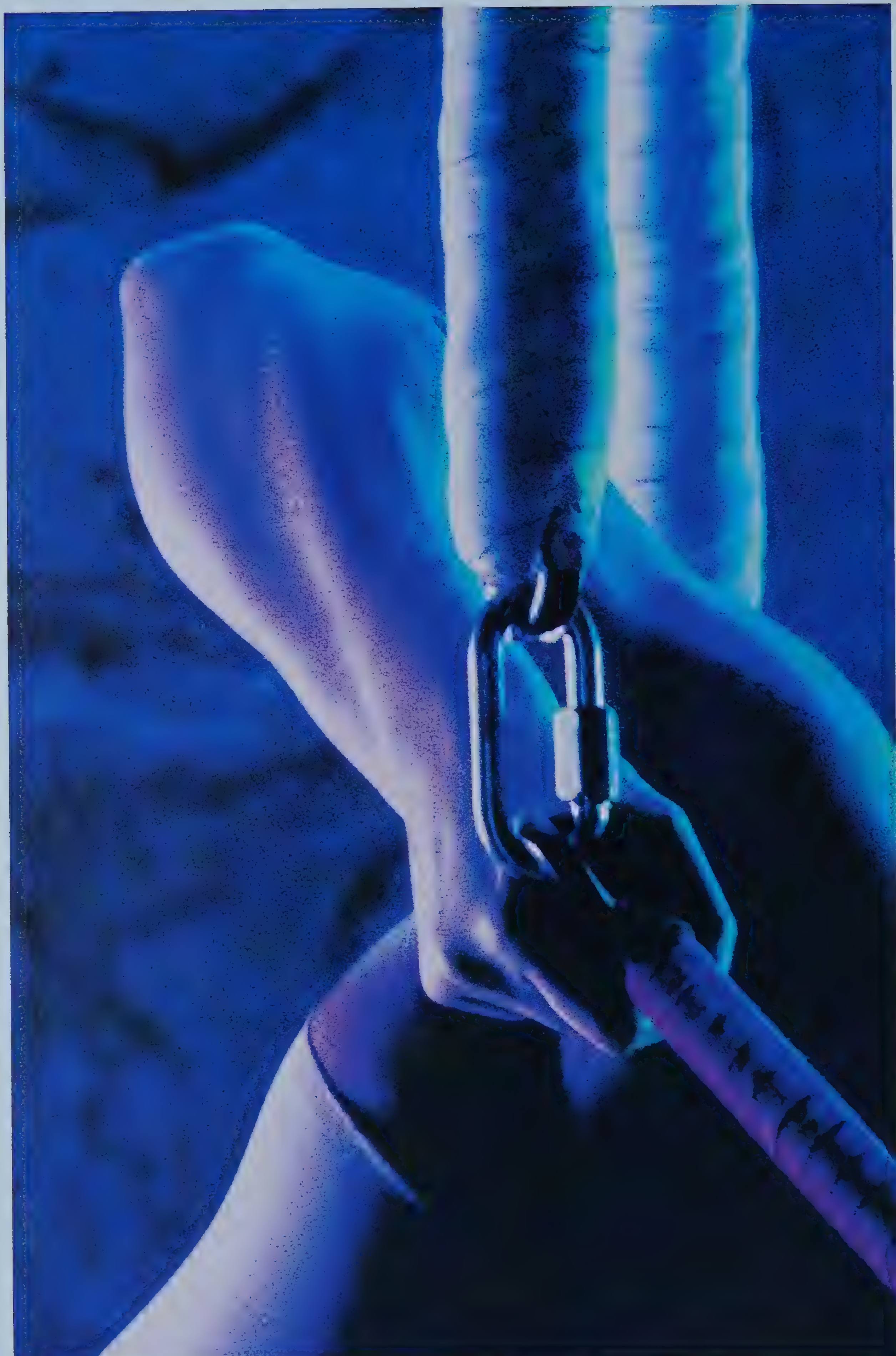


For the 12-month period ended June 30, 2000, Bertelsmann, with operations in 58 countries, posted revenues of $22 billion and had 76,000 employees. Bertelsmann is active in book, newspaper and magazine publishing, music, television and radio, media services, printing and multimedia services, represented by such names as Random House, BMG, Gruner + Jahr and RTL. It is one of the e-commerce leaders in its markets, along with BOL in Europe and barnesandnoble.com in the United States.

The shareholders and management of Bertelsmann have stated their intention to offer shares of the company to the public in the medium term through an initial public offering. Under the share exchange agreement, GBL has the right to require such an offering.

On February 9, 2000, the European Commission approved the merger of Totalfina (resulting from the 1999 merger between PetroFina and Total) and Elf Aquitaine, enabling the two companies to effectively combine into TotalFinaElf, the world's fourth largest oil group. The Pargesa group, which held 22.6 per cent of PetroFina's equity at the beginning of 1999, is now the new group's largest shareholder, owning 3.2 per cent of the equity and 5.9 per cent of the voting rights. During the past year, management of TotalFinaElf put an emphasis on structuring the new group, integrating it and taking advantage of recurring synergies, many of which were identified at the time of the merger and which have exceeded expectations. These factors, combined with higher crude oil prices, increased refining and petrochemical margins, sustained worldwide demand and a strong dollar, resulted in revenues for the group of $157 billion, up 53 per cent from pro-forma 1999, and net income of $9.5 billion, an increase of 97 per cent.

In 2000, Suez (previously Suez Lyonnaise des Eaux) completed the refocus of the group on its four core business activities – energy, water, waste services and communications – from which it now derives all of its revenues. Suez continued to restructure its water division and energy unit, where a number of transactions and managerial reorganizations were completed. It stepped up its international expansion, with close to 50 per cent of its revenues now earned outside France and Belgium as a result of its business practices and the success of its growth policy. Revenues in 2000 amounted to $47 billion and net income was $2.6 billion, up 36 per cent and 32 per cent, respectively, from 1999. As at December 31, 2000, the Pargesa group held 7.3 per cent of the equity and 12.8 per cent of the voting rights of Suez and continued to be that company's principal shareholder.



In 2000, Imerys, a world leader in value-added specialty minerals, pursued integration of the operations of English China Clays plc, acquired for $1.9 billion in 1999. The group maintained a steady rate of internal growth while also growing externally. It announced acquisitions totalling $550 million, the largest of which involved the Austrian group, Treibacher Schleifmittel, the world's leading producer of fused alumina for the abrasives industry. This company, through its six plants in Europe, North America and Asia, has a production capacity of 200,000 tons. In 2000, Imerys, in which Pargesa has an equity interest of 54.1 per cent, recorded revenues of $3.8 billion and net operating income of $228 million, an increase of 7.3 per cent and 16.6 per cent, respectively, over the preceding year.

In February 2001, Electrafina tendered its interest in Lasmo plc, in the United Kingdom, in response to a friendly takeover bid initiated by the Italian company Eni. The group received proceeds of $440 million in this transaction.

In 2000, the Pargesa group completed transactions designed to consolidate the structure of its holdings. As a result, Pargesa's equity interest in GBL grew from 49.3 per cent to 54.6 per cent in 2000 while GBL's interest in Electrafina went from 80.1 per cent to 82.8 per cent over the same period; Pargesa's interest in the Swiss food group, Orior, grew from 85.9 per cent to 100 per cent following a cash offer made to minority shareholders; and the intermediary holding company, Audiofina, was merged with CLT-UFA and Pearson Television, as described previously.

Moreover, on March 13, 2001, the Boards of Directors of GBL and Electrafina announced that they will submit an amalgamation proposal to their respective shareholders in April. The new entity will be Groupe Bruxelles Lambert. Following amalgamation, Pargesa will hold a 48.2 per cent interest (50.1 per cent of the voting rights) in the new GBL.

RTL GROUP On April 7, 2000, Bertelsmann, GBL/Electrafina and Pearson announced that they had agreed to merge CLT-UFA and Pearson Television into Audiofina. This combination created an integrated pan-European company, which was renamed RTL Group, with successful business operations spanning television and radio broadcasting, content and on-line activities. Pearson Television's content enriches RTL Group's broadcast channels, enabling them to attract bigger audiences with a secure flow of programming, while at the same time, CLT-UFA's broadcast channels provide expanded routes to market for Pearson Television's content. As a result, RTL Group is well placed to preserve its position in an increasing consolidated industry, while continuing to supply a wide range of broadcasters and sourcing programming from a full range of producers.

RTL Group, with revenue of $5.5 billion, is the leader in commercial television and radio broadcasting in Europe, with 17 radio stations and 24 television channels in 11 countries and a daily audience of 120 million viewers. It is the global leader in content (program production and programming rights) with some 200 programs produced in 38 countries, providing over 10,000 hours of programming per year and reaching a worldwide audience of 250 million viewers every month. It is also the largest independent distribution company outside the United States, with broadcasting rights for 17,500 annual hours of programming distributed in over 100 countries, and it is the leader in Europe in sports broadcasting rights. RTL Group has a leading presence on the Internet in most European countries with about 80 branded websites in Europe and the U.S. Its network generated more than 270 million page impressions in January 2001.

TOTALFINAELF TotalFinaElf is an international oil and petrochemical group active in over 100 countries. It is involved in all aspects of the oil and gas business: prospecting, production, refining, and retail distribution. In the petrochemical sector, the group is a major international producer of polymers, specifically polypropylene, polyethylene and polystyrene, as well as products for the paint industry. In 2000, the group had sales of some $157 billion. Investments remained substantial and totalled $10.8 billion, allocated as to 70 per cent in the upstream sector, 13 per cent in the downstream sector and 17 per cent in the chemicals sector. Net cash flow from operating activities before changes in working capital amounted to $18.1 billion, compared with $11.7 billion in pro forma 1999.

UPSTREAM SECTOR In the year 2000, the group's oil and gas production experienced one of the strongest increases in the industry, reaching 2.12 million barrels of oil equivalent per day.

The group's reserves continued to grow in 2000 reaching 10.8 billion barrels of oil equivalent. The rate of renewal of the reserves on average for the period 1998-2000 is estimated at 189 per cent for the consolidated group.

DOWNSTREAM SECTOR With a refining capacity of 2.5 million barrels per day and refined product sales of more than 3 million barrels per day, the group is the leading refiner and distributor in Europe. It operates a network of some 20,000 service stations worldwide and holds approximately 12 per cent of the market in Europe and over 20 per cent in Africa. With 13 refineries in operation across Europe, the group is stepping up its efficiency optimization program. This involved setting up a system of hubs to ensure integrated management of neighbouring sites and rapid identification of significant synergies.

CHEMICALS SECTOR The chemical operations of Totalfina and Elf Aquitaine were combined into a chemicals division, Atofina, which encompasses petrochemicals and commodity polymers, intermediate and performance polymers, and specialty chemicals. In 2000, operations were integrated in the petrochemical and adhesives sectors by putting in place a superior global management organization, reviewing the asset portfolio, disposing of certain operations, and pursuing a program of sustained internal growth and targetted acquisitions.

SUEZ With its head office in Paris, France, Suez is a leading international industrial organization providing private infrastructure and public utility services focused on four basic human needs: energy, water, waste services and communications. The group has sales of $47 billion in more than 120 countries, and earns close to 50 per cent of its sales revenue outside of France and Belgium.

IN THE ENERGY SECTOR Suez has sales of $27 billion. It controls 100 per cent of the Belgian company Tractebel S.A., one of the largest private electric utilities in the world. Tractebel has over 70,000 employees in more than 100 countries. Through its affiliates, it operates gas transportation facilities and provides management and maintenance services for thermal installations, urban heating and cooling systems, and co-generation systems mainly in Europe and the United States. In 2000, growth was achieved through a series of acquisitions, including Polaniec, Sircas, Cabot LNG, and Trigen, and through winning contracts, most notably in Portugal, Mexico, Africa and New Caledonia.

IN THE WATER SECTOR Suez is the world leader in quality improvement and engineering management. It provides water distribution and purification services. Sales were $12 billion in 2000. Its subsidiary, Degrémont, the global leader in its field with 10,000 plants built, provides engineering services in the design and construction of water treatment plants. The group supplies drinking water and offers water purification services to 110 million people worldwide. In 2000, it obtained significant new concessions in China, India, Korea, Brazil and Africa.

IN THE WASTE MANAGEMENT SECTOR the Suez group has sales of $6.9 billion. Its core business in this sector is the collection, sorting, processing, storage and recycling of a wide range of household and industrial waste. To strengthen its position, it successfully undertook acquisitions in Denmark (Renoflex), Great Britain (City Waste), Sweden (Waste Management International), the Netherlands (ARA Holding), Argentina (Cliba) and Australia (PWM).

IN THE COMMUNICATIONS SECTOR the Suez group operates cable networks mainly in France and Belgium and holds an interest in the French digital satellite television project TPS and in the French television channel M6. In the year 2000, the group pursued a broadband development strategy through expanded broadband content and high speed transmission, digital cable undertakings with Noos, targeting private customers, and Wireless Local Loop, a technology that primarily targets business customers.

IMERYS S.A. The Imerys group is a world leader in value-added minerals. Imerys posted annual sales of over $3.8 billion, with 57 per cent of its sales in Europe, including 24 per cent in France, 31 per cent in North America and 12 per cent elsewhere in the world.

With substantial mineral reserves and sophisticated processing facilities, Imerys produces essential value-added products for a diversified clientele. The company holds leading market positions in each of its four business groups: Pigments and Additives, Building Materials, Refractories and Abrasives, Ceramics and Specialties.

THE PIGMENTS AND ADDITIVES DIVISION which has annual sales of $1.7 billion, produces kaolin, ground calcium carbonate (GCC) and precipitated calcium carbonate, mineral components that are essential to a wide range of industries, including paper, plastics and adhesives, paints, rubber and sealants. White pigments vary widely in quality in terms of gloss, brightness, opacity, viscosity or conductivity. Imerys is the only group with reserves in all three major high-grade kaolin zones, in the United States, in the United Kingdom and in Brazil. Imerys also has a global production and distribution system for GCC and offers the world's widest range of pigments.

THE BUILDING MATERIALS DIVISION which has annual sales of $830 million, manufactures and distributes roofing and structural products, primarily for the construction and renovation of single-family homes. Imerys is France's leading producer of clay roof tiles and clay bricks, and the largest specialist roofing products distributor. It is also the French market leader in high-quality natural slates. Imerys products are sold across Europe and primarily in France.

THE REFRACTORIES AND ABRASIVES DIVISION with annual sales of $805 million, is a world-leading producer of refractory products. Imerys holds a leading position in Europe in sales of high value-added monolithic refractories and became the world's number one producer of minerals for abrasives in 2000 when it bought the Treibacher Schleifmittel group, recognized as the world's top producer of fused alumina for the abrasives industry. This company, through its six plants in Europe, North America and Asia, has a production capacity of 200,000 tons. Refractories are raw materials or finished products that resist very high temperatures in harsh chemical and physical conditions. These products have a wide range of applications in industrial sectors as diverse as steel, casting, power stations, ceramics and electronics.

THE CERAMICS AND SPECIALTIES DIVISION which has annual sales of $465 million, includes products for the ceramics industry (raw materials and ready-to-use products as well as kiln furnish) and high-purity graphite, which has many technical applications, including use in lithium-ion batteries for mobile phones. The world's leading producer of raw materials for tableware and sanitaryware, Imerys is also number one in European raw materials for floor tiles.

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

EXCEPT AS OTHERWISE INDICATED, ALL FIGURES ARE EXPRESSED IN CANADIAN DOLLARS.

This section of the annual report deals with financial results for the year 2000, and the following describes the structure of the group at December 31, 2000. Power Financial Corporation (Power Financial) holds substantial interests in the financial services field in Canada and the United States. Power Financial holds a controlling interest in Great-West Lifeco Inc. (Lifeco) and Investors Group Inc. (Investors Group). In Canada, Lifeco controls a 100 per cent voting interest in The Great-West Life Assurance Company (Great-West Life), which in turn holds 100 per cent of London Insurance Group Inc. (LIG); LIG in turn holds 100 per cent of London Life Insurance Company (London Life). In the United States, Lifeco controls a 100 per cent voting interest in Great-West Life & Annuity Insurance Company (GWL&A). Effective December 31, 2000, the ownership of GWL&A, which was previously a wholly owned subsidiary of Great-West Life, was conveyed to a newly formed subsidiary of Lifeco. These companies as well as their subsidiaries, which offer an extensive range of financial products and services to individuals and corporations as well as public and non-profit entities, constitute an important part of the assets and results of the Corporation.

Power Financial also holds, jointly with the Frère group of Belgium, a significant interest in Pargesa Holding S.A. (Pargesa). The Pargesa group has substantial holdings in a selected number of major media, energy, public utilities, and specialty minerals companies based in Europe.

Management's discussion and analysis of Power Financial's 2000 financial results focuses on the operations of each of the principal entities within the group. While consolidated financial statements are presented separately in this report, management has also prepared condensed supplementary financial statements of the Corporation, as in previous years, with its principal subsidiaries accounted for on the equity basis in order to facilitate the discussion and analysis of each of its activities. A discussion of the financial results, assets, liquidity and financial resources, and the outlook for each of the principal subsidiaries and the affiliate have been provided to give readers a greater understanding of Power Financial's underlying assets, earnings base and financial resources.

Lifeco, Great-West Life, LIG and its 100 per cent owned subsidiary London Life, and Investors Group each publish an annual report. Pargesa will publish its 2000 annual report in April 2001. Copies of the annual reports of Lifeco, Great-West Life, LIG, London Life, Investors Group and Pargesa are available from the Secretary of each of these companies or from the Secretary of Power Financial.

HIGHLIGHTS OF OPERATING RESULTS

In 2000, net earnings of Power Financial were $786 million, compared with $834 million in 1999. On a per share basis, earnings per common share were $2.18 in 2000, compared with $2.32 in 1999. The variance in net earnings reflects an increase of 19 per cent in operating earnings ($2.00 per share in 2000, as opposed to $1.68 in 1999), offset by a significant decrease in Other income ($0.18 per share in 2000, as opposed to $0.64 in 1999).

The increase in operating earnings is mainly due to the significant increase in share of operating earnings of subsidiaries and affiliate which amount to $736 million in 2000, as opposed to $621 million in 1999; share of earnings in Lifeco and Investors Group both increased by 20 per cent, whereas share of the European affiliate Parjointco decreased 4 per cent.

Other income amounted to $60 million in 2000, compared with $222 million in 1999. This item relates primarily, as in previous years, to capital gains recorded within the Pargesa group; due to its non-recurring nature, this item may vary significantly from one year to the next. In 2000, Pargesa recorded SF251 million in non-recurring income, as against SF 911 million in 1999.

Consolidated revenues for the year ended December 31, 2000 were $16.5 billion, compared with $14.4 billion in 1999. This increase is due to increased premium income and fee income. Consolidated expenses were $14.9 billion in 2000, as opposed to $13.0 billion in 1999, due principally to increased actuarial expenses.

Consolidated assets and assets under administration of the Power Financial group of companies stood at $141 billion at the end of 2000 (1999 – $131 billion).

Power Financial and its subsidiaries held corporate assets of $59.4 billion at year-end 2000, as against $56.9 billion at the end of 1999.

Assets under administration increased to $81.7 billion in 2000 from $74.3 billion in 1999. These include the segregated funds of Lifeco which are predominantly used to fund pension plan obligations of policyholders and provide clients with a vehicle for investing in group and individual savings plans; the market value of these segregated funds was $37.2 billion as at December 31, 2000 (1999 – $33.7 billion). Investors Group's mutual fund assets, at market value, were $44.5 billion in 2000 (1999 – $40.6 billion); they consist of client assets invested in Investors Group's proprietary mutual funds and other co-branded funds. Lifeco and Investors Group earn fee income from the management and administration of these assets.

(In this section, the principal subsidiaries are accounted for on an equity basis.)

READERS ARE REFERRED TO THE CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS OF POWER FINANCIAL FURTHER IN THIS ANNUAL REPORT. THE SUPPLEMENTARY FINANCIAL STATEMENTS IDENTIFY THE SOURCES OF THE EARNINGS, ASSETS AND LIABILITIES OF THE CORPORATION.

EARNINGS

SHARE OF OPERATING EARNINGS (1) OF SUBSIDIARIES AND AFFILIATE

For the years ended December 31 (in millions of dollars)	2000	1999	CHANGE
Subsidiaries			%
Great-West Lifeco Inc.	494	411	20
Investors Group Inc.	198	164	20
Affiliate			
Parjointco N.V. (Pargesa Holding S.A.) (2)	44	46	(4)
	736	621	19

(1) *Operating earnings represent net earnings exclusive of non-recurring items.*

(2) *Pargesa's share of net capital gains recorded by operating companies within the Pargesa group are treated as non-operating earnings.*

Readers are referred to the sections on Lifeco, Investors Group and Pargesa in this analysis for further discussions of the operating results of these entities.

CORPORATE ACTIVITIES The net contribution related to corporate activities is a charge of $10 million, almost unchanged from the 1999 level of $9 million.

OTHER INCOME Other income was $60 million in 2000, compared with $222 million in 1999, and relates primarily to non-recurring earnings recorded by Pargesa.

In 2000, capital gains included the gain recorded from the sale of Audiofina shares, realized early in 2000 to increase liquidity in the market, as well as gains realized by GBL and Electrafina on certain portfolio holdings.

In 1999, Pargesa's non-operating earnings consisted mainly of the gains recorded in connection with the exchange offers made by Total for PetroFina and by Lasmo plc for Monument Oil and Gas plc (in which Electrafina held a 26.2 per cent interest), and of gains recorded by CLT-UFA and Imerys.

ASSETS AND LIABILITIES

Cash and cash equivalents, composed of high-quality financial instruments denominated principally in Canadian dollars at year-end, amounted to $375 million at the end of 2000, compared with $362 million at the end of 1999.

Investments in subsidiaries and affiliate, accounted for under the equity method, aggregated $4.8 billion at year-end, compared with $4.3 billion in 1999, and consisted of the Corporation's interests in Lifeco, Investors Group and Parjointco N.V. The net increase is mainly attributable to the share of earnings of subsidiaries and affiliate, net of dividends received, for an amount of $494 million, and to a lesser extent ($37 million) to the positive net variation of foreign translation adjustments.

Other investments were $108 million (1999 – $167 million) and included 5.5 million common shares of BCE Inc. and 8.6 million common shares of Nortel Networks Corporation (received pursuant to a spin-off of Nortel by BCE) with an aggregate carrying value of $103 million held for the potential future exercise of the right to purchase by holders of the exchangeable debentures issued in 1989. These debentures have a carrying value of $105 million (1999 – $167 million). In 2000, rights to purchase BCE shares (for an aggregate carrying value of $59 million) were exercised by debentureholders, and as a consequence, the carrying value of the debentures on the books of the Corporation was reduced by $62 million.

Other long-term debt represents the $150 million principal amount of 7.65% 10-year debentures issued on January 5, 1996 to fund the early redemption of the SF120 million of bonds that were initially due in March 1997. The $150 million principal amount was swapped into SF127.5 million at a rate of interest of 4.43 per cent.

LIQUIDITY AND CAPITAL RESOURCES

In managing cash and cash equivalents, the Corporation may invest in foreign currencies and thus be exposed to fluctuations in exchange rates. As at December 31, 2000, 92 per cent of cash and cash equivalents were denominated in Canadian dollars.

DIVIDENDS

For the years ended December 31 (per share)	2000		1999
	CURRENT ANNUALIZED DIVIDEND (1)	CASH DIVIDEND	CASH DIVIDEND
Great-West Lifeco Inc. (C$)	0.74	0.65	0.53
Investors Group Inc. (C$)	0.70	0.61	0.49
Pargesa Holding S.A. – bearer share (SF)	75	74	73

(1) *Lifeco and Investors Group: based on the quarterly dividend declared in January and February 2001, respectively. Pargesa dividend to be approved at the May 2001 Annual General Meeting.*

Cash requirements for the payment of dividends are met by dividend income from the subsidiaries and affiliate, interest and dividends on cash and cash equivalents, and, when required, the Corporation's cash position. Total dividends declared on the common shares of Power Financial increased from 60.25 cents in 1999 to 72.50 cents in 2000. The holders of common shares of the Corporation benefited from increased dividends from subsidiaries and affiliate.

The Corporation's credit standing in the financial markets is as follows:

INDEPENDENT RATINGS OF POWER FINANCIAL

As at December 31, 2000	DOMINION BOND RATING SERVICE	CANADIAN BOND RATING SERVICE
Senior debentures	AA (low)	AA
Preferred shares		
cumulative	Pfd-1 (low)	P-1
non-cumulative	Pfd-1 (low) n	P-2

Shareholders' equity at the end of 2000 was $5.0 billion, up from $4.5 billion as at December 31, 1999. This increase is mainly due to the increase in retained earnings (+$465 million), and, to a lesser extent, by a net increase in foreign currency translation adjustments (+$34 million). These adjustments relate to the Corporation's investment in Pargesa, partly hedged by the swapped $150 million debt, and to its indirect investment in Lifeco's U.S. operations. Book value per common share was $12.72 at the end of 2000, compared with $11.28 one year earlier. In 2000, the Corporation issued 688,054 common shares pursuant to the terms of the Employee Stock Option Plan, resulting in an increase in stated capital of $4 million (256,000 shares were issued in 1999, for an increase in stated capital of $1 million). During the year, the Corporation purchased and cancelled 469,300 (1999 – none) common shares under its normal course issuer bid for an aggregate amount of $10 million.

Power Financial and its subsidiaries and affiliate have substantial financial resources. The cash balances, together with credit facilities, enable the Corporation and the Power Financial group of companies to enhance their positions in their respective sectors and industries and to position themselves to take advantage of selected opportunities on a timely basis.

SUBSEQUENT EVENTS

(a) In January 2001, Investors Group made an offer to purchase 100 per cent of Mackenzie Financial Corporation (Mackenzie). The Board of Directors and management of Mackenzie recommended acceptance of the Investors Group offer. Please refer to additional comments on the offer in the Directors' Report to Shareholders, earlier in this report. (b) In February 2001, Power Financial and the Frère group announced that their jointly controlled affiliate, Groupe Bruxelles Lambert S.A. (GBL), and Bertelsmann AG agreed to a share exchange of GBL's 30 per cent interest in RTL Group for a 25 per cent interest in Bertelsmann AG, the holding company of the Bertelsmann group. (c) On March 13, 2001, GBL and Electrafina, a holding company in which GBL has an 82.8 per cent interest, announced that they will submit an amalgamation proposal to their respective shareholders in April.

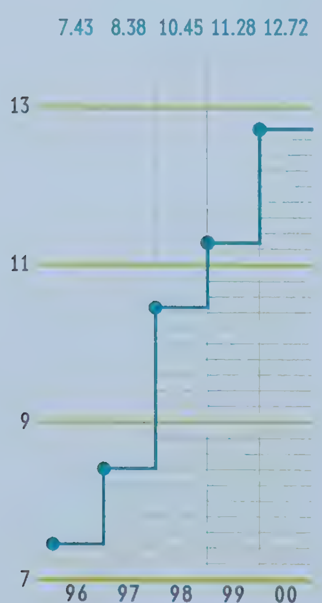
POWER FINANCIAL CORPORATION

CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS

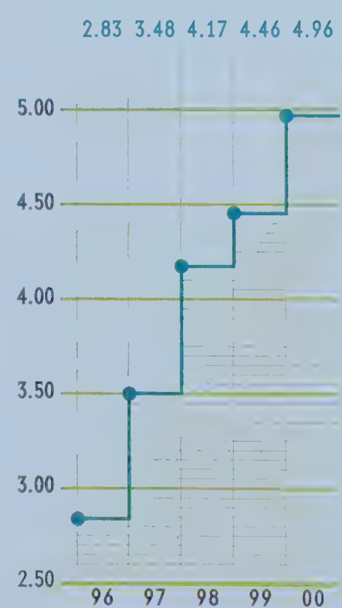
(In this section of the analysis, the principal subsidiaries are accounted for on the equity basis.)

December 31 (in millions of dollars)	2000	1999
CONDENSED STATEMENTS OF EARNINGS		
Share of earnings of subsidiaries and affiliate	736	621
Corporate activities	(10)	(9)
Earnings from operations	726	612
Other income, net	60	222
Net earnings	786	834
Earnings per share (in dollars)		
Earnings from operations	2.00	1.68
Net earnings	2.18	2.32
CONDENSED BALANCE SHEETS		
Cash and cash equivalents	375	362
Investments		
Subsidiaries and affiliate at equity	4,839	4,335
Other	108	167
Other assets	69	72
Total assets	5,391	4,936
Accrued liabilities and other	178	149
Exchangeable debentures	105	167
Other long-term debt	150	150
Future income taxes	(5)	8
Shareholders' equity		
Preferred shares	550	550
Common shareholders' equity	4,413	3,912
	4,963	4,462
Total liabilities and shareholders' equity	5,391	4,936

POWER FINANCIAL CORPORATION



BOOK VALUE PER SHARE
(IN DOLLARS)



SHAREHOLDERS' EQUITY
(IN BILLIONS OF DOLLARS)

READERS ARE REFERRED TO THE CONDENSED SUPPLEMENTARY FINANCIAL STATEMENTS OF INVESTORS GROUP FURTHER IN THIS ANNUAL REPORT.

As at December 31, 2000, Power Financial held a 67.9 per cent interest in Investors Group.

Investors Group's core business is to provide a comprehensive array of personal wealth creation and financial planning services to Canadians. Through Investors Group's network of highly trained and well-supported consultants, Investors Group offers an extensive package of financial planning services and products. This includes mutual funds, insurance, securities services, mortgages, guaranteed investment certificates, annuities and loans for registered investments.

At the end of 2000, Investors Group counted 3,480 consultants in its network – still the largest network of consultants in Canada. This was a decrease from 3,626 a year earlier, primarily because of the more competitive environment in which to attract qualified recruits. An emphasis on hiring top-quality candidates, however, continues to yield positive results. The percentage of consultants with more than four years' experience increased to 58.5 per cent from 57.0 per cent a year earlier. In 2000, Investors Group continued the redesign of its consultant compensation, recognition, and training programs. These programs were re-aligned to meet the key strategic objectives of client service, continued growth of a highly productive consultant network, and asset retention.

Investors Group continues to broaden its reach in the financial services market place.

- Investors Group acquired the MAXXUM Group of Funds from LIG through its subsidiary MAXXUM Fund Management Inc. in 1998. This acquisition provided Investors Group with access to 2,700 financial security advisers from LIG. In 1999, the formation of Scudder Maxxum Co. (now Maxxum Financial Services Co.) provided Investors Group with the opportunity to broaden the range of products offered to clients, experience economies of scale, capitalize on its product manufacturing capabilities and gain access to distribution channels that include full-service and discount brokers, insurance companies and other financial intermediaries.

- As a result of an exclusive long-term agreement entered into with the Canadian Imperial Bank of Commerce (CIBC) in 2000, Investors Group will soon be complementing its diverse product shelf of investment, insurance, mortgage and other financial management products with a complete range of personal banking and brokerage services. When available, these services will include deposit accounts, debit cards, credit cards, loans, chequing and bill payment services, plus an extended range of brokerage products and services such as improved trade execution, new equity and fixed income issues, as well as research and on-line capabilities. The new banking products and services will be available through Investors Group's network of consultants, as well as through ABMs, Internet and 1-800 access.

- On January 26, 2001, Investors Group entered into a definitive agreement with Mackenzie under which it will offer to acquire all of the shares of Mackenzie for a total consideration of $4.149 billion, or $30.00 per share. Subject to regulatory approval and acceptance by Mackenzie shareholders, the transaction is expected to be completed in the second quarter of 2001.

Investors Group derives its revenue from a range of sources, primarily, fees that are charged to its mutual funds for investment advisory and management services. Investors Group also earns revenue from fees charged to its mutual funds for administrative services. These fees are generally based on the net asset value of the funds. Investors Group derives revenue from fees charged to account holders for the distribution of funds by Investors Group's qualified consultants, as well as from the distribution of insurance products and securities services. Additional revenue is earned through investment certificate operations and mortgage operations.

SUMMARIZED FINANCIAL INFORMATION

(in millions of dollars)	2000	1999	CHANGE
Sales of financial products and services			%
Mutual funds	7,053	5,915	19.3
Securities (external assets gathered)	1,331	946	40.7
Mortgage operations	843	1,011	(16.6)
Deposits	105	87	21.2
Insurance (annualized premiums)	27	25	5.8
Net income	284	236	20.5
Assets under management			
Mutual funds	44,498	40,650	9.5
Corporate	1,985	1,812	9.6
Securities assets under administration	2,646	1,471	79.9
Insurance in force (face amount)	20,876	18,086	15.4
Mortgages serviced	7,147	7,569	(5.6)
Common shareholders' equity	1,096	967	13.4
Return on equity	28.1%	26.4%	
Per common share (in dollars)			
Earnings	1.35	1.12	21.0
Dividends	0.61	0.49	24.5
Book value	5.23	4.59	13.9

HIGHLIGHTS OF OPERATING RESULTS

Investors Group achieved record net income of $284 million in 2000. This represents an increase of 20.5 per cent from 1999 earnings of $236 million. Earnings per share were $1.35, up from $1.12 in 1999.

Fee and investment income totalled $1.2 billion, an increase of 14.9 per cent from 1999. Operating expenses incurred in earning fee and investment income amounted to $691 million, an increase from the $612 million incurred in 1999. These expenses (excluding commissions) as a percentage of average assets under management were 0.74 per cent in 2000, consistent with 1999, reflecting Investors Group's management's effective monitoring and control of expenses.

Shareholders' equity surpassed $1 billion in 2000 and was $1.10 billion as at December 31, 2000, up from $967 million at December 31, 1999. Return on average common equity was 28.1 per cent, compared with 26.4 per cent in 1999. The quarterly dividend per common share was increased to 16 cents (64 cents annually) during 2000.

SALES RESULTS

Sales of Investors Group's mutual funds were the highest in the corporation's history. Sales were strong throughout the year, which is encouraging, considering that most markets declined in value during the last quarter of the year. Total sales in 2000 were $7.1 billion. This represents a 19.3 per cent increase from $5.9 billion in sales in 1999.

During 2000, insurance sales, measured on the basis of annualized premiums, increased 5.8 per cent to $27 million – the highest level of insurance product sales in Investors Group's history. Investors Group Securities Inc., a subsidiary involved in securities operations, attracted $1.3 billion in new assets – an increase of 40.7 per cent from the $946 million placed in 1999. Sales of mortgage products reflected market conditions, with mortgage originations of $843 million, compared with $1.0 billion in 1999.

REVENUES

FEE INCOME Fee income is generated from the management, administration and distribution of 73 Investors Master Series™ and partner mutual funds, plus the 27 mutual funds offered by MAXXUM Fund Management Inc. and Maxxum Financial Services Co. The distribution of insurance products and the provision of securities services provide additional fee income. Total fee income rose by $137 million to $1.08 billion, a 14.6 per cent increase over 1999 results, reflecting the growth in average assets under management.

To provide a stable level of fee income, Investors Group must continue to maintain high levels of assets under management. The level of assets under management is influenced by sales, redemption rates and investment management performance. Sales of Investors Group's mutual funds were at record levels in 2000 and its redemption rate for the year was 14.0 per cent (including money market funds). Although the redemption rate increased in 2000, it continues to be among the lowest in the industry. During 2000, investment management services provided reasonable capital preservation, thereby maintaining high asset values.

MANAGEMENT FEES Current annual fees for management services provided to Investors Group's mutual funds range from 0.65 per cent to 2.5 per cent of assets under management. During 2000, management fee revenue increased by $100 million to reach $824 million, an increase of 13.8 per cent. This increase is a result of the growth in average mutual fund assets under management.

ADMINISTRATION FEES During 2000, Investors Group earned a total of $143 million in administration fees, compared with $130 million in 1999. Trustee fee revenue increased 14.8 per cent – to $21 million from $18 million in 1999. While average assets under management increased 14.0 per cent during 2000, fees charged to the funds for administrative services increased only 8.4 per cent as a result of Investors Group's effective control of costs.

DISTRIBUTION FEES During 2000, distribution fee income rose by $24 million. This increase is largely a result of fee income earned from the distribution of insurance and brokerage products, which increased 30 per cent during the year, as well as increased fee income resulting from redemption activity.

INVESTMENT INCOME Investment income includes interest and dividends earned on cash and short-term investments, marketable securities and mortgage loans. It also includes gains and losses on the sale of securities, Investors Group's share of an affiliate's earnings, as well as income related to mortgage banking activities. Investment income totalled $142 million in 2000 and represented 11.6 per cent of gross revenue, compared with 11.4 per cent in 1999.

Net investment income is the difference between investment income and interest expense. Interest expense is the interest on deposit liabilities, certificates and debt. Net investment income on a taxable-equivalent basis was $112 million, an increase of 30.3 per cent or $26 million from the 1999 level of $86 million. This increase is a result of lower average interest-bearing liabilities. Average interest-bearing liabilities were $374 million, down 26 per cent or $130 million from 1999 levels.

Investment margin represents the net investment income divided by average earning assets. This margin increased 193 basis points (bps) to 8.75 per cent in 2000 from 6.82 per cent in 1999. This improvement is a result of a higher investment spread, which contributed 131 bps and a decrease in the proportion of earning assets funded by interest-bearing liabilities, which contributed an additional 62 bps.

EXPENSES

COMMISSIONS Investors Group incurs commissions expense in connection with the distribution of its financial services and products, particularly Investors Group's mutual funds. Consultants earn commissions on the sale of Investors Group products and, as a result, this expense will fluctuate to a significant extent with the level of sales. Commissions expense also includes an asset retention bonus based on the level of client assets serviced. Commissions expense increased by $32 million, or 9.9 per cent, to $357 million, compared with $325 million in 1999. The increase in commissions expense was primarily a result of higher mutual fund sales.

NON-COMMISSION EXPENSES During 2000, non-commission expenses were $334 million. This total included strategic and restructuring expenditures of $51 million to develop and implement Investors Group's strategic plan, including:

- furthering its banking, brokerage and mortgage initiative with CIBC;
- developing and launching of additional products and services;
- enhancing in-house investment management capabilities;
- continuing development of strategic order entry systems;
- integrating MAXXUM Fund Management Inc. operations;
- integrating information technology services with Great-West Life and LIG;
- redesigning the sales compensation structure for consultants and field management;
- further developing of the brokerage platform.

Excluding these expenditures, non-commission expenses were $283 million, representing an increase of $30 million, or 11.8 per cent, from 1999. Variable costs rose by 16.6 per cent to $76 million. Fixed costs increased by $19 million, or 10.2 per cent, and were largely driven by initiatives related to the expansion of Investors Group's distribution activities.

FINANCIAL POSITION

Investors Group's on-balance-sheet assets totalled $2.0 billion at December 31, 2000, compared with $1.8 billion in 1999. Investors Group's holdings of securities decreased $4.6 million, or 1.1 per cent, to $416 million at the end of 2000. As of December 31, 2000, the market value of the marketable securities in Investors Group portfolios and its unregulated subsidiaries was $491 million. Investors Group strives to ensure that its portfolio holdings are of the highest quality and seeks to manage the market and credit risk associated with a securities portfolio.

During 2000, mortgage loans decreased by 30.1 per cent, or $93 million, to $216 million. They represented 10.9 per cent of total assets, in comparison with 17.0 per cent in 1999. As at December 31, 2000, residential impaired loans totalled $0.7 million, representing 0.27 per cent of the total mortgage portfolio, compared with $0.7 million, or 0.20 per cent, in 1999. The allowance for credit losses exceeded residential impaired loans by $8 million as at December 31, 2000, unchanged from December 31, 1999.

LIQUIDITY AND CAPITAL RESOURCES

Investors Group's liquidity requirements involve financing operations, servicing Investors Group's debt and equity and maintaining liquidity in its regulated subsidiaries. In addition, Investors Group maintains a certain level of liquidity to be able to act on attractive investment opportunities when they arise.

A key liquidity requirement for Investors Group is the funding of commissions paid to consultants for the sale of mutual funds. Investors Group's commissions expense is fully funded through management fee revenue earned on mutual fund assets under management and through additional sales charges levied in connection with the early redemption of mutual funds. In this regard, Investors Group has a competitive advantage over other mutual fund companies, which generally fund commissions with capital raised through the sale of limited partnerships or through equity and debt markets. Investors Group can rely on its strong financial position to address funding issues of this nature internally.

Shareholders' equity amounted to $1.1 billion at December 31, 2000, representing 55.2 per cent of total assets, compared with 53.4 per cent at year-end 1999. Investors Group monitors capital adequacy on an ongoing basis and maintains a conservative debt-equity ratio. At December 31, 2000, this ratio was 15.5 per cent, compared with 18.0 per cent at the end of 1999.

Independent reviews confirm the continuing quality of Investors Group's balance sheet and strength of its operations. During 2000, both the Canadian Bond Rating Service (CBRS) and the Dominion Bond Rating Service (DBRS) maintained their ratings of Investors Group's senior debt and liabilities. The senior debt and liabilities were rated AA- by CBRS and A High by DBRS. Management of Investors Group is confident that Investors Group's current capital resources are adequate and can support its activities during 2001.

OUTLOOK

The mutual fund and financial services industries enjoyed significant growth in 2000. Analysts continue to forecast strong growth for both industries. This view is supported by changes in demographics (an aging population is turning its attention to savings and investment), changes in investment habits, the increasing ease of investment, and the continued concern over the adequacy of government-sponsored pension plans.

Investors Group is well positioned to participate in the future growth of the mutual fund and financial services industries. Investors Group enjoys a strong competitive position because of the inherent strengths of its financial planning approach and integrated business model.

To provide financial planning services to Canadians, Investors Group must compete with other mutual fund companies and, increasingly, with other financial services organizations including banks, brokers and life insurance companies. During 2000, mergers and acquisition activity increased, reflecting continued consolidation within the industry. Management expects continued consolidation in the industry as smaller participants are acquired by larger, more efficient organizations.

Investors Group has enhanced its competitive position by offering a broader range of products and services and a greater diversity of mutual funds, as well as a choice of investment managers, insurance, securities services and mortgages. The introduction of a managed asset program and the addition of multi-manager portfolios of funds are indicative of Investors Group's commitment to a broader core product base. In addition, Investors Group's agreement with CIBC, through which consultants will offer banking and enhanced brokerage services in 2001, is another prime example of Investors Group's ability to expand its product shelf in new and unique ways.

The management of Investors Group believes that this strategy will enhance the extent and quality of Investors Group's client relationships, protecting Investors Group's client base and expanding its market share.

The highly developed nature of its integrated business model and the scale of its operations give Investors Group a distinct advantage over its competition. Investors Group's manufacturing and distribution capabilities, including its network of well-established consultants, are highly integrated. As a result, Investors Group is well positioned to meet increased competition for distribution relationships.

In January 2001, Investors Group announced its intention to acquire 100 per cent of Mackenzie. When the acquisition is completed, the combined companies will immediately become one of the largest retail wealth management entities in Canada, with over $85 billion in assets under management and administration and more than two million clients across Canada. In keeping with Investors Group's integrated business model, management recognizes the potential for synergies that will benefit both organizations in such areas as corporate operations and infrastructure, but, respecting the important differences between Mackenzie and Investors Group, will retain separate management and distinct distribution channels, investment management operations and brands.

In addition to revenue enhancements and increased capabilities, the amplified scale of the combined companies should ultimately reduce costs for mutual fund unitholders. Moreover, the synergies created between Investors Group and Mackenzie would also extend to the other members of the Power Financial group of companies, Great-West Life and London Life.

Investors Group's management believes that the benefits of the proposed Mackenzie acquisition will include increased potential for high growth and profitability for the combined companies over the long term.

MARKET INFLUENCES

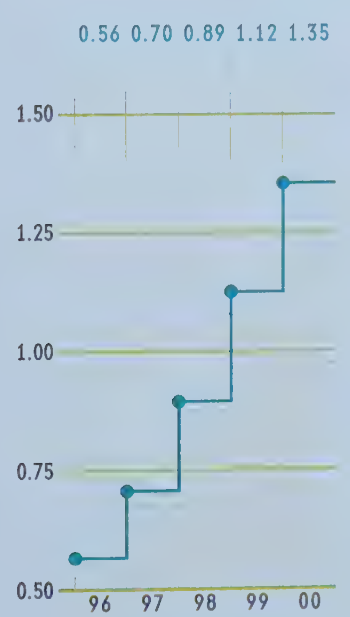
Corrections in domestic and international markets and increases in interest rates may affect the future outlook for Investors Group. Markets continued to be active and volatile through 2000. However, after declines in 1999, mutual fund sales rose throughout the industry as consumers kept their focus on the longer term. Increases in interest rates could have a significant impact on equity markets and mutual fund sales. Declines in the value of equity markets could also result in increased redemptions of mutual funds.

REDEMPTION RATES The mutual fund industry has successfully educated mutual fund investors on the benefits of long-term investing. The redemption rate for Investors Group's mutual funds was 14.0 per cent (including money market funds) for the year, among the lowest in the industry. The redemption rate for the industry as a whole, excluding Investors Group, was 28.0 per cent.

Investors Group consultants play a key role in maintaining low redemption rates. They educate clients about the value of a long-term investment strategy and the benefits of an appropriate level of portfolio diversification. In periods of declining markets and market volatility, consultants have been effective in encouraging clients to assume a long-term investment outlook and continue to invest.

December 31 (in millions of dollars)	2000	1999
CONDENSED STATEMENTS OF EARNINGS		
Gross revenue		
Fee income	1,076	940
Investment income	142	120
	1,218	1,060
Operating income	1,197	1,026
Operating expenses	691	612
Income before income taxes	506	414
Income taxes	222	178
Net income	284	236
Earnings per share (in dollars)	1.35	1.12
CONDENSED BALANCE SHEETS		
Cash and short-term investments	716	528
Securities	416	421
Mortgage loans	216	309
Investment in affiliate	293	280
Other assets	344	274
Total assets	1,985	1,812
Deposits and certificates	219	307
Other liabilities	502	367
Debentures and notes	168	171
Shareholders' equity	1,096	967
Total liabilities and shareholders' equity	1,985	1,812

INVESTORS GROUP INC.



EARNINGS PER SHARE
(IN DOLLARS)

CONSOLIDATED ASSETS
UNDER MANAGEMENT
AND ADMINISTRATION
(IN BILLIONS OF DOLLARS)

As at the end of 2000, through its direct interest of 77.2 per cent and Investors Group's interest of 4.4 per cent, Power Financial holds an economic interest of 80.1 per cent in Lifeco. Power Financial holds, directly and indirectly, 65 per cent of the voting rights attached to all outstanding Lifeco voting shares.

At December 31, 2000, Great-West Life conveyed ownership of its U.S. subsidiary, GWL&A, to a newly formed subsidiary of Lifeco. This new structure does not affect the consolidated financial position of Lifeco.

Lifeco controls a 100 per cent voting interest of GWL&A and Great-West Life, which in turn controls a 100 per cent voting interest of London Life. Through Great-West Life and London Life in Canada and GWL&A in the United States, a wide range of life insurance, health insurance, and retirement and investment products are offered to individuals, businesses and other private and public organizations. As well, as part of Canadian operations, Great-West Life offers reinsurance and specialty general insurance products in specific niche markets through its subsidiaries, London Reinsurance Group Inc. and London Guarantee Insurance Company.

SELECTED FINANCIAL INFORMATION

(in millions of dollars, except per common share amounts)			2000			1999	CHANGE
	CANADA	U.S.	TOTAL	CANADA	U.S.	TOTAL	
FOR THE YEAR							%
Premiums:							
Life insurance, guaranteed annuities and insured health products	3,748	3,350	7,098	3,690	2,761	6,451	10
Reinsurance and property and casualty	2,878	–	2,878	2,075	–	2,075	39
Self-funded premium equivalents (ASO contracts) (1)	1,102	7,695	8,797	1,039	4,425	5,464	61
Segregated funds deposits: (1)							
Individual products	1,817	959	2,776	1,344	618	1,962	41
Group products	1,673	3,652	5,325	769	3,219	3,988	34
Total premiums and deposits	11,218	15,656	26,874	8,917	11,023	19,940	35
Fee and other income	346	1,295	1,641	278	944	1,222	34
Paid or credited to policyholders	7,423	3,951	11,374	6,547	3,389	9,936	14
Net income attributable to:							
Preferred shareholders	31	–	31	33	–	33	(6)
Common shareholders	257	386	643	215	321	536	20
Return on common shareholders' equity			18.6%			17.1%	
PER COMMON SHARE							
Net earnings			1.72			1.43	20
Dividends paid			0.65			0.53	23
Book value			9.81			8.70	13
AT DECEMBER 31							
Total assets	33,127	22,627	55,754	32,328	21,184	53,512	4
Segregated funds assets (1)	18,682	18,477	37,159	15,730	17,998	33,728	10
Total assets under administration	51,809	41,104	92,913	48,058	39,182	87,240	7
Capital stock and surplus			4,182			3,789	10

(1) *Segregated funds deposits and self-funded premium equivalents (ASO contracts). The financial statements of a life insurance company do not include the assets, liabilities, deposits and withdrawals of segregated funds or the claims payments related to administrative services only (ASO) Group health contracts. However, Great-West Life does earn fee and other income related to these contracts. Segregated funds business is an option offered to policyholders under an insurance annuity contract, where the benefit amount is directly linked to the market value of the investments held in the particular segregated account. The contractual arrangements are such that the segregated fund contract holder bears the risks and rewards of the account's investment performance apart from death and maturity benefit guarantees. ASO Group health contractual agreements are those where Great-West Life provides administrative and claim-paying services for clients, and under these arrangements, the client bears some or all of the claim risk. The self-funded premium equivalents generally represent claims paid under these contracts which approximate the additional premiums that would have been earned if these contracts had been written as traditional risk programs. Both segregated funds and ASO contracts are an important aspect of the overall business of the company and should be considered when comparing volumes, size and trends.*

HIGHLIGHTS OF OPERATING RESULTS

Lifeco's net income attributable to common shareholders was $643 million or $1.72 per share, up 20 per cent from $536 million or $1.43 per share for 1999. The return on common shareholders' equity was 18.6 per cent for the year ended December 31, 2000.

Net income for 2000 reflects significant increases for both Canadian and United States operations, compared with 1999.

Total premium income, including self-funded premium equivalents and segregated funds deposits, was up 35 per cent overall with growth in all major lines, and within this result, growth of 48 per cent in the fee-based, self-funded and segregated funds lines. Reinsurance premiums were up 39 per cent over 1999, due to the irregular nature of contracts in this line of business. Fee and other income was up 34 per cent over 1999.

Capital stock and surplus increased to $4.2 billion at December 31, 2000, from $3.8 billion at year-end 1999. During 2000, Lifeco paid dividends of $0.65 per common share, for a total dividend of $243 million for the year. This represents a dividend payout ratio of 37.8 per cent of 2000 earnings (1999 – 37.1 per cent), and a 2000 dividend yield (dividends as a percentage of average high and low market prices) of 2.2 per cent (1999 – 2.2 per cent). Book value per common share was $9.81 at December 31, 2000, compared with $8.70 at December 31, 1999.

FINANCIAL POSITION

Total assets and assets under administration grew to $92.9 billion at year-end 2000, an increase of $5.7 billion from 1999. Assets under administration include segregated funds of $37.2 billion at December 31, 2000, compared with $33.7 billion at the end of 1999.

Obligations to policyholders made up 91 per cent of total liabilities at the end of 2000 (the same as at year-end 1999). The valuation of policy liabilities is certified by the Actuary of Great-West Life and the Actuary of GWL&A as being in accordance with accepted actuarial practices.

Total capital and surplus, including non-controlling and other interests, of $6.1 billion at December 31, 2000 was 12.3 per cent of total liabilities, compared with $5.9 billion or 12.4 per cent in 1999. It is Lifeco's intention to maintain surplus ratios in its operating subsidiaries at levels sufficient to provide assurance of policyholder security and to maintain its superior credit ratings.

The Office of the Superintendent of Financial Institutions Canada has specified a measurement basis for life insurance companies operating in Canada, known as the Minimum Continuing Capital and Surplus Requirements and Great-West Life's ratio is 196 per cent, a very solid level for the industry (210 per cent at the end of 1999). The change reflects the corporate reorganization effected December 31, 2000 which resulted in GWL&A being an indirect subsidiary of Lifeco rather than of Great-West Life.

GWL&A is subject to comprehensive state and federal regulation and supervision throughout the United States.

The National Association of Insurance Commissioners has adopted risk-based capital rules and other financial ratios for life insurance companies. Based on the company's statutory financial reports, the company has risk-based capital well in excess of that required and is within the usual ranges of all ratios.

ASSET QUALITY

At December 31, 2000, exposure to mortgage loans and real estate was 21 per cent of invested assets, unchanged from the end of 1999.

Lifeco's exposure to non-investment grade bonds was 1.2 per cent of the portfolio at the end of 2000, up slightly from 0.6 per cent at December 31, 1999.

Non-performing investments, including bonds in default, mortgages in the process of foreclosure or in arrears 90 days or more, and real estate acquired by foreclosure, totalled $72 million or 0.2 per cent of invested assets at December 31, 2000, compared with $96 million or 0.2 per cent a year earlier. Lifeco's allowance for credit losses at December 31, 2000 was $147 million, compared with $178 million at year-end 1999.

RATINGS OF MAJOR SUBSIDIARIES OF LIFECO

RATING AGENCY	MEASUREMENT	RATINGS			
		LIFECO	GREAT-WEST LIFE	LONDON LIFE	GWL&A
A.M. Best Company	Financial Condition and Operating Performance	–	A++*	A++*	A++*
Canadian Bond Rating Service	Investment Strength	–	AA+	AA+	NR
	Debt Rating	AA-	–	–	–
Dominion Bond Rating Service	Claims Paying Ability	–	IC-1*	IC-1*	NR
	Debt Rating	AA(low)	–	–	–
Fitch, Inc.	Insurer Financial Strength	–	AAA*	AAA*	AAA*
Moody's Investors Service	Insurance Financial Strength	–	Aa2	Aa2	Aa2
Standard & Poor's Corporation	Insurer Financial Strength	–	AA+	AA+	AA+

** Highest rating available*

NR – not rated

All credit ratings of Lifeco and its major subsidiaries were reviewed during 2000. All CBRS ratings are as of October 31, 2000.

CANADIAN OPERATIONS

The discussion of operating results is followed by a report on operations of the Canadian segment of Lifeco, presented in terms of the major business units of Great-West Life and its subsidiaries, including London Life:

- **GROUP INSURANCE** – life, health and disability insurance products for group clients.
- **INDIVIDUAL INSURANCE & INVESTMENT PRODUCTS** – life and disability insurance products for individual clients, as well as retirement savings and income products for both group and individual clients.
- **REINSURANCE & SPECIALTY GENERAL INSURANCE** – life, property and casualty, accident and health, annuity co-insurance and specialty general insurance in specific niche business markets.

Net income from Great-West Life (Canadian operations of Lifeco) for 2000 was $288 million, compared with $248 million for 1999. Net income attributable to common shareholders was $257 million, up from $215 million for 1999.

The positive earnings results were due to a combination of growth in fee income, strong investment performance, and favourable morbidity experience, mitigated by a deterioration in reinsurance margins associated with accident and health lines. Net income attributable to common shareholders in 2000 also reflected a reduction in provisions for income taxes stemming from federal government announcements in 2000, offset by a provision related to reducing the company's exposure in Taiwan.

Total assets under administration in Canada reflect a 19 per cent growth in segregated funds assets in 2000.

PREMIUMS AND DEPOSITS – CANADA

Years ended December 31 (in millions of dollars)	2000	1999	CHANGE	2000	1999	CHANGE
	PREMIUMS AND DEPOSITS			SALES		
			%			%
Group Insurance	2,974	2,781	7	243	202	20
Individual Operations						
Life insurance	1,564	1,538	2	96	105	(9)
Disability insurance	109	102	7	20	20	–
Retirement & Investment Services	3,693	2,421	53	4,230	2,888	46
Reinsurance & Specialty General Insurance	2,878	2,075	39	2,878	2,075	39
	11,218	8,917	26	7,467	5,290	41

GROUP INSURANCE After a year of relatively flat growth during the integration of the London Life Group business in 1999, the Group operations resumed its historical growth trends with insurance premium income of $2.974 billion in 2000. Overall premium income, which includes claims from non-insured administrative services only (ASO) clients, was up 7 per cent. This growth rate was driven by both positive sales and improved persistency (client retention).

Sales, as measured by annualized premium, were up 20 per cent over 1999, with significant gains recorded in the targeted small- and mid-sized client market. The growth rate in this target market reflects the company's success in capitalizing on its strong distribution networks and leading market place position. Sales in the large case insured market were up sharply, but these results were offset by lower sales in the large case ASO market.

INDIVIDUAL INSURANCE & INVESTMENT PRODUCTS Individual Insurance & Investment Products consists of three distinct business divisions: Individual Life Insurance, Individual Disability Insurance, and Retirement & Investment Services.

Individual life insurance sales were $96 million in 2000, while revenue premium exceeded $1.5 billion. Sales declined 9 per cent overall in 2000, with term insurance sales being down 19 per cent compared with 1999, due to aggressive term pricing in the market. Universal life sales increased 6 per cent, and are focused in the under $500,000 market. Sales of participating policies decreased 11 per cent, but were strong in the mature market, where consumers are concerned with wealth management.

Total sales of disability income products and critical illness insurance were constant in 2000 at $20 million in new annualized premium. However, a general overall decline in the disability insurance market resulted in the company maintaining its leading market share of over 20 per cent.

In 2000, the company's Retirement & Investment Services business saw significant sales growth over 1999. The stock market correction in late 1998, combined with consumer concerns about Y2K, depressed contributions to investment funds in Canada throughout 1999. However, sales rebounded quickly in 2000, leading to the company's strongest year on record.

For a number of years, London Life has been involved in the mutual funds market through London Financial Centre (LFC). In 2000, the company rebranded LFC as Quadrus Investment Services Ltd. (Quadrus), and established it as a mutual fund dealer for London Life and Great-West Life investment representatives. In 2000, sales of mutual funds through Quadrus increased 31 per cent, compared with 1999, and at the end of 2000, Quadrus had more than 2,000 licensed investment representatives.

REINSURANCE & SPECIALTY GENERAL INSURANCE Premium income associated with Reinsurance & Specialty General Insurance was higher primarily due to the nature of underlying life and property and casualty reinsurance contracts written. In 2000, a greater number of structured reserve transfer deals were written than in 1999.

UNITED STATES OPERATIONS

The discussion of operating results is followed by a report on operations of the United States segment of Lifeco, presented in terms of the major business units of GWL&A:

- **EMPLOYEE BENEFITS** – life, health, disability insurance and 401(k) products for small- to mid-sized corporate employers.
- **FINANCIAL SERVICES** – accumulation and payout annuity products for both group and individual clients, as well as life insurance products for individual clients.

Net income attributable to common shareholders from GWL&A (United States operations of Lifeco) in 2000 was $386 million, up from $321 million in 1999.

The increase in net income reflects improvements in both business segments. The Financial Services increase is associated with increased investment margins in the asset intensive lines, increased fee income and improved mortality. Employee Benefits earnings were positively affected by growth in fee revenue, improved morbidity experience, offset somewhat by unfavourable mortality experience.

PREMIUMS AND DEPOSITS – UNITED STATES

Years ended December 31 (in millions of dollars)	2000	1999	CHANGE	2000	1999	CHANGE
	PREMIUMS AND DEPOSITS			SALES		
Employee Benefits			%			%
Group life & health	9,439	5,927	59	1,452	863	68
401(k)	2,938	2,632	12	1,553	944	65
Financial Services						
Savings	1,916	1,321	45	1,035	651	59
Insurance	1,363	1,143	19	875	651	34
	15,656	11,023	42	4,915	3,109	58

The 42 per cent increase in premium income and deposits in 2000 was the result of growth in Employee Benefits premium income of $3.8 billion and of an increase in Financial Services premium income and deposits of $815 million. The growth in premium income in the Employee Benefits segment is primarily due to premium equivalents from ASO contracts.

EMPLOYEE BENEFITS The 2000 premium income for Group Life and Health was $9.4 billion, an increase of 59 per cent from 1999. GWL&A experienced net case growth of 107 cases, which is primarily the result of a new simplified self-funded product introduced in the second half of the year.

GWL&A made two acquisitions in 1999, which increased medical membership and had a positive impact on operations in 2000. Effective March 2000, GWL&A assumed the in-force business of Allmerica Financial Corporation and converted each case as it was renewed to a GWL&A product.

Effective January 1, 2000, GWL&A acquired the Group Life and Health business of General American Life Insurance Company (General American). GWL&A co-insured all the risks associated with the General American block of business in 2000. Effective January 2001, GWL&A assumed the General American business through an assumption reinsurance transaction. This acquisition added approximately one million medical members and $3.0 billion of equivalent premium income.

401(k) premiums and deposits increased 12 per cent in 2000 from 1999. The total 401(k) block of business under administration comprises 6,975 employer groups and more than 550,000 individual participants.

FINANCIAL SERVICES Overall sales were up 47 per cent over 1999 levels, as single premiums in 2000 were higher than 1999 by $248 million.

Savings premiums and deposits totalled $1.9 billion, which overall was 45 per cent higher than 1999. Savings premiums increased 96 per cent to $735 million, while savings deposits to separate accounts increased 25 per cent to $1.2 billion.

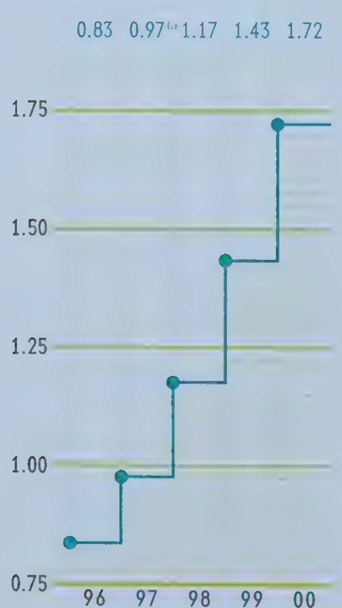
Individual life insurance revenue premiums and deposits of $1.4 billion in 2000 increased 19 per cent from 1999 levels due primarily to an increase in Bank-Owned Life Insurance separate account sales of $243 million.

OUTLOOK

Lifeco continues to manage its businesses to achieve sustained growth to the benefit of shareholders, employees, representatives and customers. The company sees growth opportunities in a number of its current markets in Canada and the United States, and will enter new markets and distribution channels with the introduction of new products slated for 2001.

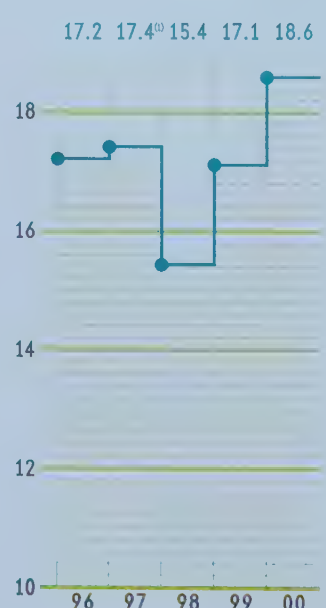
December 31 (in millions of dollars)	2000	1999
CONDENSED STATEMENTS OF EARNINGS		
Premium income	9,976	8,526
Net investment income	3,649	3,580
Fee and other income	1,641	1,222
	15,266	13,328
Paid or credited to policyholders and beneficiaries	11,374	9,936
Other expenses	2,704	2,334
	14,078	12,270
Income before income taxes and non-controlling interests	1,188	1,058
Income taxes	451	366
Non-controlling interests	63	123
Net income	674	569
Per share data (in dollars)		
Earnings	1.72	1.43
CONDENSED BALANCE SHEETS		
Bonds	30,326	30,397
Mortgage and policyholder loans	14,370	14,104
Other assets	11,058	9,011
Total assets	55,754	53,512
Policy liabilities	45,099	43,433
Other liabilities	4,542	4,161
Non-controlling interests	1,931	2,129
Preferred shares	530	530
Common shareholders' equity	3,652	3,259
Total liabilities and shareholders' equity	55,754	53,512

GREAT-WEST LIFECO INC.



EARNINGS PER SHARE
(IN DOLLARS)

(1) Before provision for integration costs of $0.29 per share



RETURN ON EQUITY
(PER CENT)

(1) Before provision for integration costs.

HIGHLIGHTS OF RESULTS

Power Financial and the Frère group of Charleroi, Belgium, each hold 50 per cent of Parjointco N.V., a Dutch company that, as at December 31, 2000, held 61.4 per cent of the voting rights (61.1 per cent in 1999) and 54.7 per cent of the participating common shares (54.4 per cent in 1999) of Pargesa, the parent company of the Pargesa group. The shares of Pargesa are listed on the Swiss Exchange. The Pargesa group holds the group's investments in various large European companies active in the media (RTL Group), energy (TotalFinaElf), public utilities (Suez) and specialty minerals (Imerys) sectors.

At that same date, the carrying value of Power Financial's interest in Parjointco was $1.3 billion, compared with $1.2 billion in 1999. This increase represents Power Financial's share of the net earnings of Parjointco, foreign currency translation adjustments and other items, less dividends received. An organization chart and a more detailed description of the group's main holdings can be found in the section of this report pertaining to the Pargesa group, beginning on page 43.

As at December 31, 2000, Pargesa, based in Geneva, Switzerland, held a 54.6 per cent equity interest representing 59.1 per cent of the voting rights (49.3 per cent and 51.9 per cent, respectively, in 1999) in GBL, which is based in Brussels, Belgium, and listed on the Brussels, Amsterdam, and Luxembourg stock exchanges. Pargesa and GBL held a 54.1 per cent aggregate interest (52.7 per cent in 1999) in Imerys S.A., a company listed on the Paris stock exchange. As a result of a cash offer made during the first half of 2000 to purchase all of the common shares it did not already hold, Pargesa now owns 100 per cent (85.9 per cent in 1999) of Orior Holding S.A. (Orior), a company based in Vevey, Switzerland, active in the food industry. GBL, directly or through Electrafina S.A., an intermediary holding company under its control, holds the group's investments in RTL Group, Suez and TotalFinaElf.

PARGESA GROUP – FINANCIAL INFORMATION

As at December 31, 2000 (in millions of dollars)[1]

	PARGESA HOLDING S.A.	GROUPE BRUXELLES LAMBERT S.A.
Cash and temporary investments[2]	19	1,491[3]
Long-term debt	337	1,154[4]
Shareholders' equity	4,718	8,781
Market capitalization	4,879	8,710

(1) *Foreign currencies have been converted into Canadian dollars at year-end rate.*

(2) *Net of financial debt due within one year*

(3) *Including net cash and temporary investments of Electrafina S.A. which amounted to $1,242 million at December 31, 2000, as well as $518 million of GBL shares held by GBL. The exercise of all outstanding options to purchase additional shares of RTL Group would result in a cash outflow of $336 million.*

(4) *Including convertible bonds issued in 1998 by GBL, for an amount of $360 million, and in 2000 by Electrafina, for an amount of $589 million.*

Over the last few years, Pargesa has taken steps to:

- focus on a limited number of selected industrial and services groups that are well positioned in their respective markets and over which the group has full or joint control, or in which it holds at least a significant interest. As part of this strategy, the Pargesa group has been active in helping local or regional businesses to turn into world-class companies.
- streamline the corporate structure of the group while strengthening its financial position.

As a result, the portfolio of investments has changed, several assets have been sold and, in some instances, significant acquisition, merger or exchange transactions have been carried out or encouraged in order to consolidate and strengthen the group's existing positions, including in 2000 and early 2001:

- the merger of Totalfina (which itself resulted from the 1999 merger between PetroFina, in which the Pargesa group was the dominant shareholder, and Total) with Elf Aquitaine in the energy sector;
- the increase of GBL's interest in Audiofina through an investment of $1.5 billion, and the merger of CLT-UFA and Pearson Television into Audiofina, then renamed RTL Group, which created Europe's integrated commercial television and radio broadcast and content leader;
- the exchange transaction announced in February 2001 whereby GBL will exchange its 30 per cent interest in RTL Group for a 25 per cent interest in the world-class media company, Bertelsmann AG;
- the successful offer made by Pargesa to purchase all of the minority shareholders in Orior, a Swiss-based food industry leader;
- the amalgamation announced on March 13, 2001 of GBL into Electrafina, which will be renamed Groupe Bruxelles Lambert; Pargesa will then own 48.2 per cent of the new GBL's equity and 50.1 per cent of its voting rights;
- the sale of Lasmo plc in the United Kingdom for $440 million, in which the group became a shareholder in 1999 as a result of the exchange offer made by Lasmo on Monument Oil and Gas, to Eni, in the energy industry.

As at year-end 2000, Pargesa's net asset value (based on market prices of listed companies) was as follows, with the group's four primary investments comprising more than 95.9 per cent of the net asset value:

PARGESA – NET ASSET VALUE (FLOW-THROUGH BASIS)

As at December 31, 2000 (in millions of dollars)

	MARKET VALUE (PARGESA'S SHARE)	%
RTL Group (29.7 per cent – joint controlling shareholder)[1]	2,717	32.6
TotalFinaElf (3.2 per cent – largest shareholder)	2,357	28.3
Suez (7.3 per cent – largest shareholder)	1,801	21.6
Imerys (54.1 per cent – controlling shareholder)	1,115	13.4
Orior (100 per cent)[2]	155	1.9
Other investments	346	4.1
Net cash and short-term assets[1][3]	475	5.7
Long-term debt[3]	(635)	(7.6)
Total	8,331	100

Note: percentage of ownership denotes the cumulative interests of Pargesa and its subsidiaries and affiliates as at December 31, 2000. The above information does not take into consideration transactions that will be completed in 2001.

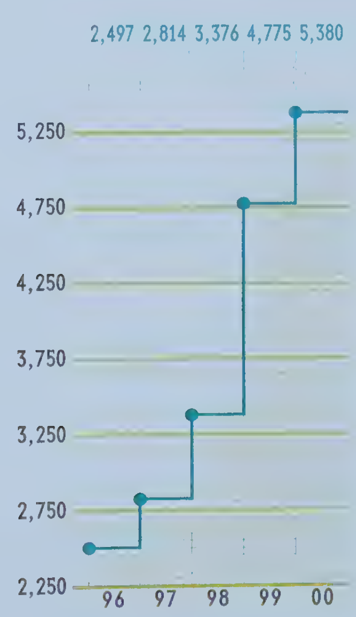
(1) *As at December 31, 2000, the GBL group was the beneficiary of options to purchase an additional 2.8 per cent of RTL Group shares that it intends to exercise. These options are valued based on the underlying market value of RTL Group shares, and the corresponding cash settlement (Pargesa's share: $182 million) has been deducted from Net cash and short-term assets.*

(2) *Following the cash offer made to minority shareholders in 2000, Pargesa now owns 100 per cent of the common shares of Orior. The investment in Orior is valued using the price per share offered in 2000 by Pargesa to buy the minority shareholders.*

(3) *Pargesa's share of Net cash and short-term assets or Long-term debt*

As at December 31, 2000, net asset value per share stood at SF 5,380, an average increase of 21 per cent since 1996 (13 per cent over the last year). Net asset value per share for each of the past five years was as follows:

PARGESA HOLDING S.A.



NET ASSET VALUE PER SHARE AT YEAR-END (IN SWISS FRANCS)

From an accounting standpoint, the implementation of the strategy undertaken over the past few years has led to a lower number of investments being accounted for under the equity method as well as a reduction in interest income (as holding companies within the group have made significant investments) and increased dividend income (TotalFinaElf and Suez, which represent 50 per cent of Pargesa's net asset value, are accounted for at cost and as such only the annual dividend received from these companies is recorded in Pargesa's income statement). In 2000, the growth in the operating earnings of Imerys and RTL Group and in the dividends received from TotalFinaElf and Suez, leveraged by the increase of the group's economic interest in those four companies has been offset by lower interest income and higher goodwill amortization.

Furthermore, the group recorded significant capital gains, which are classified as non-operating earnings. In 2000 and 1999, non-operating earnings stood at SF251 million and SF911 million, respectively (including Pargesa's share of non-operating earnings recorded by operating companies accounted for under the equity method).

PARGESA HOLDING S.A.

December 31 (in millions)	2000		1999	
	SF	$ (1)	SF	$ (1)
Operating earnings	174	153	175	173
Non-operating earnings (2)	251	221	911	902
Net earnings	425	374	1,086	1,075

(1) *Average Swiss franc to Canadian dollar: 0.8793 in 2000 and 0.9901 in 1999*

(2) *Including Pargesa's share of non-operating earnings recorded by companies accounted for under the equity method.*

Non-operating earnings of SF251 million in 2000 was primarily attributable to the gain realized in the first part of the year on the sale of Audiofina shares and to gains recorded by GBL and Electrafina on disposals of various securities. In 1999, net gains were mainly attributable to the contribution of the group's interest in PetroFina to Total and the disposals of other investments.

RTL GROUP is the new name of the group resulting from the merger, on July 25, 2000, of CLT-UFA with its parent company, Audiofina, and Pearson Television. The new group is jointly controlled by GBL and the Bertelsmann group, as was CLT-UFA prior to this transaction. GBL and Electrafina hold nearly 30 per cent of the new group's equity. RTL Group is traded on the London, Brussels and Luxembourg stock exchanges.

On a pro-forma basis, RTL Group recorded sales of $5.5 billion in 2000, up 14 per cent, and an EBITA (earnings before interest, taxes and amortization) of $760 million, an increase of 29 per cent. The operating margin of EBITA went from 12.1 per cent to 13.7 per cent. The group benefited from vigorous advertising markets, sound market positioning of its television stations and synergies generated by the transactions carried out in the past two years, in particular the implementation of the family concept.

EBITA performance was dampened by the impact on net earnings of amortization of goodwill resulting from all recent acquisitions and by the capital gains recorded last year on the sale of Première, the German pay-TV network.

TOTALFINAELF experienced a year of growth. Oil production was slightly higher than 2.1 million barrels of oil equivalents per day. Eliminating non-recurring items, net earnings were up 128 per cent over the previous year, at $10.5 billion for 2000. Net earnings were up 97 per cent at $9.5 billion. Earnings in 2000 were driven by higher crude oil prices and refining and petrochemical margins, as well as sustained world demand and a strong dollar. Growth and the synergy and productivity programs announced when Totalfina and Elf merged had a positive impact of $1.6 billion on operating results, which is in line with the announced program to improve results over the period 1999-2003 by $6.0 billion per year at the 2003 horizon.

SUEZ, formerly Suez Lyonnaise des Eaux, experienced growth of 36 per cent in revenues, for total revenues of $47 billion. The group pursued development in all its core businesses and in the international market (outside of France and Belgium), which now accounts for 48.5 per cent of its consolidated revenues. A total of $40 billion has been invested over the last two years. Net income for Suez was up 32 per cent to $2.6 billion.

The group acquired control of several entities and took significant interests in others around the world. Excluding consolidation and exchange rate impacts, organic growth in 2000 reached 12.3 per cent, primarily as a result of strong growth in energy (+ 17 per cent). Consolidation impacts correspond to the group's recent acquisitions, primarily Epon (the Netherlands), Entreprise Industrielle (France), Cabot LNG (USA), Hanjin City Gas (South Korea) in the energy sector and Nalco (USA), Calgon (USA) and Emos (Chile) in the water sector.

IMERYS increased its net operating earnings by 16.6 per cent to $228 million in 2000. Despite the U.S. economic slowdown late in the year, the group benefited in 2000 from good economic conditions in most of its markets and the impact of completed acquisitions, in particular, English China Clays plc, the world leader in white pigments, which was acquired in May 1999 for $1.9 billion, and Treibacher Schleifmittel, the world leader in abrasives, which was included in the $550 million in external growth achieved in 2000.

Net earnings for Imerys were $192 million, compared with $359 million in 1999; however, these figures are not comparable insofar as 1999 included a capital gain related to the disposal of the Metals Processing division, Copperweld Corporation.

OUTLOOK

The Pargesa group intends to focus its activities on a small number of large Europe-based businesses. It wants to concentrate on developing these businesses from a strategic standpoint while simplifying and consolidating its own financial structure. In this regard, two transactions were announced in early 2001. On February 5, 2001, GBL announced that it planned to exchange its 30 per cent interest in RTL Group for a 25 per cent interest in Bertelsmann AG, the holding company of the Bertelsmann group. Bertelsmann is a world leader in media and telecommunications. The transaction is subject to the approval of the competent authorities. On March 13, 2001, GBL and Electrafina, a holding company in which GBL has an 82.8 per cent interest, announced that they will submit an amalgamation proposal to their respective shareholders in April; the proposed entity will be named Groupe Bruxelles Lambert.

COMPOSITION OF PARGESA'S NET EARNINGS

As at and for the years ended December 31 (in millions of dollars)[1]

	CUMULATIVE EQUITY INTEREST	PARGESA'S ECONOMIC INTEREST	CONTRIBUTION TO PARGESA'S EARNINGS 2000		1999	
	%	%	$	%	$	%
Contribution from principal holdings						
• Equity accounted						
RTL Group (media)[2][3]	29.7	14.3	25	16	20	12
Imerys (industrial)	54.1	42.2	80	52	80	46
• Non-consolidated						
TotalFinaElf (energy)	3.2	1.4	32	21	29	17
Suez (public utilities)	7.3	3.3	29	19	27	16
			166	108	156	91
Other companies subject to equity accounting			10	6	6	3
Operating earnings from holding companies			6	4	21	12
Goodwill amortization			(29)	(18)	(10)	(6)
Earnings, before capital gains, net			153	100	173	100
Capital gains, net			221		902	
Net earnings			374		1,075	
Average currency rate			0.8793		0.9901	

(1) *Converted into Canadian dollars based upon average exchange rates, which decreased 11 per cent in 2000.*

(2) *Economic interest at Pargesa level taking into consideration for RTL Group all shares including those under option.*

(3) *Reported in 1999 the contribution of CLT-UFA and in 2000 the contribution of CLT-UFA for the first half of the year and of RTL Group for the second half.*

FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS

As at December 31 (in millions of dollars)	2000	1999
ASSETS		
Cash and cash equivalents	1,831	1,636
Investments (Note 2)		
Shares	1,583	1,323
Bonds	30,400	30,471
Mortgages and other loans	14,586	14,413
Real estate	1,218	1,120
	47,787	47,327
Investment in affiliate, at equity (Note 3)	1,296	1,251
Other assets (Note 4)	8,440	6,689
	59,354	56,903
LIABILITIES		
Policy liabilities		
Actuarial liabilities (Note 5)	41,567	40,036
Other	3,532	3,397
Deposits and certificates	219	307
Long-term debt (Note 6)	1,026	985
Other liabilities (Note 7)	4,561	4,123
	50,905	48,848
Non-controlling interests (Note 8)	3,486	3,593
SHAREHOLDERS' EQUITY		
Stated capital (Note 9)		
Preferred shares	550	550
Common shares	547	545
Retained earnings	3,663	3,198
Foreign currency translation adjustments	203	169
	4,963	4,462
	59,354	56,903

Approved by the Board of Directors

Director

Director

For the years ended December 31 (in millions of dollars, except per share amounts)	2000	1999
REVENUES		
Premium income	9,976	8,526
Investment income	3,838	3,748
Fee income	2,717	2,162
	16,531	14,436
EXPENSES		
Paid or credited to policyholders and beneficiaries including policyholder dividends and experience refunds	11,374	9,936
Commissions and operating expenses	3,425	2,973
Interest expense	80	91
	14,879	13,000
	1,652	1,436
Share of earnings of affiliate (Note 3)	44	46
Other income, net (Note 11)	60	222
Earnings before income taxes and non-controlling interests	1,756	1,704
Income taxes (Note 12)	665	535
Non-controlling interests (Note 8)	305	335
Net earnings	786	834
Earnings per common share	2.18	2.32

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended December 31 (in millions of dollars)	2000	1999
Retained earnings, beginning of year		
As previously reported	3,198	2,619
Change in accounting policies (Note 1)	(41)	
	3,157	2,619
Add		
Net earnings	786	834
Deduct		
Dividends		
Preferred shares	32	31
Common shares	251	209
Premium on repurchase of common shares (Note 9)	9	
Other	(12)	15
	280	255
Retained earnings, end of year	3,663	3,198

For the years ended December 31 (in millions of dollars)	2000	1999
OPERATING ACTIVITIES		
Net earnings	786	834
Non-cash charges (credits)		
Increase (decrease) in policy liabilities	969	(192)
Decrease (increase) in funds withheld by ceding insurers	(1,129)	(252)
Amortization and depreciation	83	76
Future income taxes	(120)	(23)
Non-controlling interests	305	335
Other	(458)	(482)
Cash from operating activities	436	296
FINANCING ACTIVITIES		
Dividends paid		
By subsidiaries to non-controlling interests	(144)	(132)
Preferred shares	(32)	(31)
Common shares	(239)	(199)
	(415)	(362)
Issue of common shares	4	1
Issue of common shares by subsidiaries	8	5
Repurchase of common shares	(10)	
Repurchase of common shares by subsidiaries	(87)	(38)
Issue of preferred shares by a subsidiary		200
Repurchase of preferred shares by a subsidiary		(200)
Issue of long-term debt, commercial paper and other loans	431	
Issue of subordinated capital income securities		252
Repayment of long-term debt, commercial paper and other loans	(100)	(273)
Increase in demand deposits	17	11
Decrease in term deposits	(94)	(58)
Decrease in certificates	(11)	(17)
Other		(13)
	(257)	(492)
INVESTMENT ACTIVITIES		
Bond sales and maturities	16,240	18,595
Mortgage loan repayments	3,840	3,995
Sale of shares	615	251
Real estate sales	41	39
Change in loans to policyholders	(267)	201
Change in repurchase agreements	(119)	(243)
Investment in subsidiaries	(218)	(39)
Investment in bonds	(15,545)	(19,282)
Investment in mortgage loans	(3,563)	(3,018)
Investment in shares	(881)	(223)
Investment in real estate	(121)	(89)
Other	(6)	(25)
	16	162
Increase (decrease) in cash and cash equivalents	195	(34)
Cash and cash equivalents, beginning of year	1,636	1,670
Cash and cash equivalents, end of year	1,831	1,636
SUPPLEMENTAL CASH FLOW INFORMATION		
Income taxes paid	626	380
Interest paid	67	91

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and include the accounts of the Corporation and its subsidiaries.

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the amounts reported in those statements and accompanying notes. The reported amounts and note disclosures are determined using Management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results may differ from such estimates.

The principal operating subsidiaries of the Corporation are: (a) Great-West Lifeco Inc. ("Lifeco") (direct interest of 77.2%, 1999 – 76.6%), which holds 100% of the common shares of Great-West Life & Annuity Insurance Company ("GWL&A") and 100% of the common shares of The Great-West Life Assurance Company ("Great-West"), which in turn holds 100% of the common shares of London Insurance Group Inc. ("LIG") which itself holds 100% of London Life Insurance Company and (b) Investors Group Inc. ("Investors Group") (interest of 67.9%, 1999 – 67.7%), which holds 4.4% (1999-4.3%) of the common shares of Lifeco. The Corporation accounts for its investment in its affiliate using the equity method. Investments in joint ventures that are jointly controlled are consolidated on a proportionate basis.

CASH AND CASH EQUIVALENTS For purposes of the statement of cash flows, cash and cash equivalents comprise cash and temporary investments consisting of highly liquid investments with short-term maturities.

INVESTMENTS Investments, other than those held by Lifeco, are accounted for as follows:

Investments in shares are carried at cost; where there has been a loss in value that is other than a temporary decline, a write-down is made to recognize the loss. Bonds, mortgages and other loans are valued at amortized cost plus accrued interest less provisions for losses. Real estate investments are valued at cost less provisions for losses.

Investments held by Lifeco are accounted for as follows:

Investments in shares (equity securities) are carried at cost plus a moving average market value adjustment of $38 million (1999 – $13 million). The carrying value is adjusted towards market value at a rate of 15% per annum. Net realized gains and losses are included in Net Deferred Gains on Portfolio Investments Sold and are deferred and amortized to earnings at 15% per annum on a declining balance basis. Market values for public shares are generally determined by the closing sale price of the security on the exchange where it is principally traded. Market values for shares for which there is no active market are determined by management.

Investments in bonds and mortgage loans (debt securities) are carried at amortized cost net of any allowance for credit losses. The difference between the proceeds on the sale of a debt security and its amortized cost is considered to be an adjustment of future portfolio yield. Net realized gains and losses are included in Net Deferred Gains on Portfolio Investments Sold and are deferred and amortized over the period to maturity of the security sold.

Investments in real estate are carried at cost net of write-downs and allowances for loss, plus a moving average market value adjustment of $54 million (1999 – $39 million). The carrying value is adjusted toward market value at a rate of 10% per annum. Net realized gains and losses are included in Net Deferred Gains on Portfolio Investments Sold and are deferred and amortized to earnings at 10% per annum on a declining balance basis. Market values for all properties are determined annually by management based on a combination of the most recent independent appraisal and current market data available. Appraisals of all properties are conducted at least once every three years by qualified appraisers.

Other loans, which include loans to policyholders, are shown at their unpaid balance and are fully secured by the cash surrender values of the policies.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACTUARIAL LIABILITIES Actuarial liabilities of Lifeco represent the amount which, together with estimated future premiums and investment income, will be sufficient to pay estimated future benefits, dividends and expenses on policies in force. Actuarial liabilities are determined using generally accepted actuarial practices, according to standards established by the Canadian Institute of Actuaries. In accordance with these accepted practices, annuity liabilities and London Life's group life and health claim liabilities have been established using cash flow valuation techniques. All other actuarial liabilities have been determined using the policy premium method.

In the computation of actuarial liabilities, valuation assumptions have been made regarding rates of mortality/morbidity, investment returns, levels of operating expenses and rates of policy termination. The valuation assumptions use best estimates of future experience together with a margin for misestimation and experience deterioration. These margins have been set in accordance with guidelines established by the Canadian Institute of Actuaries and are necessary to provide reasonable assurance that the actuarial liabilities are adequate to cover a range of possible outcomes. Margins are reviewed periodically for continued appropriateness.

GOODWILL Goodwill, being the difference between the cost of the investment in subsidiary and affiliated corporations and the fair value of the underlying net assets at the dates of acquisition, is amortized over periods not exceeding thirty years using the straight-line method. The Corporation reviews the carrying value of goodwill to determine if it has been permanently impaired in value by conditions affecting the subsidiary and affiliated corporations, using projections of future earnings and cash flows of the related subsidiary and affiliated corporations. Management is of the opinion that there has been no reduction in the value assigned to goodwill.

STOCK BASED COMPENSATION PLANS The Corporation has a stock option plan, which is described in Note 9. No compensation expense is recognized when stock options are granted to employees. Any consideration paid by employees on exercise of stock options is credited to share capital. Compensation expense is recognized for the Corporation's contributions to the employee share purchase program.

REPURCHASE AGREEMENTS Lifeco enters into repurchase agreements with third-party broker-dealers in which Lifeco sells securities and agrees to repurchase substantially similar securities at a specified date and price. Such agreements are accounted for as investment financings.

DERIVATIVE FINANCIAL INSTRUMENTS The Corporation uses derivative products as risk management instruments to hedge or manage asset and liability positions including revenues within guidelines which prohibit their use for speculative purposes.

The accounting policies used for derivative financial instruments held for hedging purposes correspond to those of the underlying hedged position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSLATION All assets and liabilities denominated in foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items and at exchange rates prevailing at the transaction dates for non-monetary items. The Corporation follows the current rate method of foreign currency translation for its net investments in self-sustaining foreign operations. All income and expenses are translated at average rates prevailing during the year. Exchange gains and losses are included in earnings except those related to self-sustaining operations and financing related thereto, which are deferred in the shareholders' equity section of the balance sheet.

PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS The Corporation maintains defined-benefit pension plans for certain of its employees and agents. The plans provide pension based on length of service and final average earnings. The benefit obligation is actuarially determined and accrued using the projected benefit method pro-rated on service. Pension charge or credit consists of the aggregate of the actuarially computed cost of pension benefits provided in respect of the current year's service, imputed interest on the funding excess or deficiency of the plan, and the amortization of experience gains or losses over the expected average remaining service life of employees. Plan assets are valued at market value for purposes of calculating the expected long-term rate of return.

The Corporation also has an unfunded supplementary pension plan for certain executives. Pension expense related to current services are charged to income in the period during which the services are rendered.

The Corporation also provides certain post-retirement health care and life insurance benefits to eligible retirees, agents and their dependants. In prior years, the cost of providing these benefits was expensed as incurred. Effective January 1, 2000, the Corporation adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3461 – Employee Future Benefits, which require that post-retirement benefits other than pension be accrued over the periods of employee service similar to pension costs. The Corporation applied the standard retroactively with no restatement of prior periods. The cumulative effect of adopting the new recommendations was to increase Other liabilities by $98 million, increase prepaid pension assets (included with Other assets) by $1 million, increase future income taxes (included with Other assets) by $39 million, decrease Non-controlling interests by $17 million and decrease Opening retained earnings by $41 million.

INCOME TAXES On January 1, 2000, the Corporation adopted the recommendation of CICA Handbook Section 3465 – Income taxes. The adoption of Section 3465 results in the use of the liability method of tax allocation whereby future income taxes represent temporary differences between the tax basis of assets and liabilities and their carrying value for accounting purposes. In addition, the liability method requires all future income tax assets and liabilities to be measured at the tax rate that is expected to apply when the temporary differences reverse.

The adoption of the standard, which was applied retroactively with no restatement of prior periods, did not have a significant effect on the Corporation's consolidated financial statements.

FUTURE ACCOUNTING POLICIES In December 2000, the CICA issued a revised Handbook Section 3500 – Earnings per share, which changes the measurement and reporting of earnings per share. Effective for fiscal years beginning on or after January 1, 2001, the revised Handbook section requires the presentation of both basic and diluted earnings per share directly on the income statement regardless of the materiality of the difference between them. In addition, the Corporation will be required to use the treasury stock method to calculate the dilution effect of stock options, warrants and similar instruments as opposed to the imputed earnings approach.

COMPARATIVE FIGURES Certain of the 1999 amounts presented for comparative purposes have been reclassified to conform with the presentation adopted in the current year.

2. INVESTMENTS

(in millions of dollars)

	Carrying Value: Held by Lifeco	Carrying Value: Held by the Corporation and Other Subsidiaries	Carrying Value: Total	Estimated Market Value
2000				
Shares	1,133	450	1,583	1,911
Bonds	30,326	74	30,400	30,555
Mortgages and other loans	14,370	216	14,586	14,911
Real estate	1,212	6	1,218	1,429
	47,041	746	47,787	48,806
1999				
Shares	809	514	1,323	1,475
Bonds	30,397	74	30,471	29,665
Mortgages and other loans	14,104	309	14,413	14,528
Real estate	1,106	14	1,120	1,285
	46,416	911	47,327	46,953

Investment income includes the amortization of net deferred realized gains on portfolio investments sold and of net unrealized gains on shares and real estate investments of $244 million (1999 – $234 million).

TERM TO MATURITY AND INTEREST RANGE OF BONDS AND MORTGAGE LOANS

(in millions of dollars)

	1 Year or Less	1–5 Years	Over 5 Years	Total	Effective Interest Rate Ranges
2000					
Bonds	2,878	8,732	18,790	30,400	1.5–14.5%
Mortgage loans	2,152	3,758	3,093	9,003	4.0–14.5%
1999					
Bonds	2,902	8,633	18,936	30,471	2.7–15.0%
Mortgage loans	1,943	4,479	2,829	9,251	4.0–13.8%

Other loans, included in mortgages and other loans on the consolidated balance sheet, consist of loans to policyholders amounting to $5,583 million (1999 – $5,162 million) and have no fixed term. They have interest rates ranging from 5% to 9% (1999 – 5% to 8%).

Also included in mortgages and other loans are modified/restructured loans that are performing in accordance with their current terms amounting to $298 million (1999 – $333 million).

2. INVESTMENTS (CONTINUED)

Included in investments are the following:

IMPAIRED LOANS

(in millions of dollars)	2000	1999
Mortgage loans	30	80
Foreclosed real estate	7	17
Bonds	36	
	73	97

Impaired loans include non-accrual loans and foreclosed real estate held for sale. Bond and mortgage investments are reviewed on a loan by loan basis to determine impaired status. Loans are classified as non-accrual when:

(1) payments are 90 days or more in arrears, except in those cases where, in the opinion of management, there is justification to continue to accrue interest; or

(2) the Corporation no longer has reasonable assurance of timely collection of the full amount of the principal and interest due; or

(3) modified/restructured loans are not performing in accordance with the contract.

Where appropriate, provisions are established or write-offs made to adjust the carrying value to the net realizable amount. Wherever possible the fair value of collateral underlying the loans or observable market price is used to establish net realizable value.

ALLOWANCE FOR CREDIT LOSSES

(in millions of dollars)	2000	1999
Bonds	28	21
Mortgage loans	127	165
Foreclosed real estate		1
	155	187

CHANGES IN THE ALLOWANCE FOR CREDIT LOSSES

(in millions of dollars)	2000	1999
Balance, beginning of year	187	210
Provisions for credit losses	(16)	(17)
Recoveries	10	11
Write-offs	(64)	(9)
Other	38	(8)
Balance, end of year	155	187

The allowance for credit losses includes general provisions, established at a level that, together with the provision for future credit losses included in actuarial liabilities, reflects Lifeco's and Investors Group's estimates of potential future credit losses.

Investments in real estate include an asset value allowance, which provides for deterioration of market values associated with real estate held for investment amounting to $31 million (1999 – $34 million).

3. INVESTMENT IN AFFILIATE AT EQUITY

(in millions of dollars)	2000	1999
	PARJOINTCO N.V. (1)	
Carrying value, beginning of year	1,251	1,240
Share of earnings	44	46
Share of gains on disposal of long-term investments, net (2)	60	235
Foreign currency translation adjustments	(30)	(227)
Amortization of goodwill	(3)	(3)
Dividends	(29)	(32)
Other, net	3	(8)
Carrying value, end of year	1,296	1,251
Share of equity, end of year	1,279	1,225

(1) *Parjointco N.V., 50% held by the Corporation, held a voting interest of 61.4% (1999 – 61.1%) and an equity interest of 54.7% (1999 – 54.4%) in Pargesa Holding S.A.*

(2) *After deduction of goodwill associated with investments sold in 1999.*

4. OTHER ASSETS

(in millions of dollars)	2000	1999
Funds withheld by ceding insurers	3,555	2,426
Goodwill, net of accumulated amortization	1,786	1,744
Dividends and interest receivable	635	616
Premiums in course of collection	606	425
Future income taxes	329	168
Other, including fixed assets, net of accumulated depreciation	1,529	1,310
	8,440	6,689

5. ACTUARIAL LIABILITIES

The composition of actuarial liabilities is as follows:

(in millions of dollars)	2000	1999
Group insurance	2,633	2,575
Individual insurance and investment	16,062	16,221
Reinsurance	4,911	4,405
Property and casualty	18	12
Employee benefits	823	726
Financial services	17,120	16,097
	41,567	40,036

6. LONG-TERM DEBT

(in millions of dollars)	2000	1999
POWER FINANCIAL CORPORATION		
Exchangeable debentures, due April 30, 2014 [(i)]	105	167
7.65% debentures, due January 5, 2006 [(ii)]	150	150
INVESTORS GROUP INC.		
6.65% debentures 1997 series, due December 13, 2027	125	125
GREAT-WEST LIFECO INC.		
First mortgages secured by real estate and limited recourse mortgages at interest rates from 6.4% to 11.4% maturing at various dates to 2014	158	155
9.375% senior debentures, repaid in 2000		100
7.25% subordinated capital income securities redeemable by Lifeco on or after June 30, 2004, due June 30, 2048, unsecured (US$175M)	263	252
6.75% debentures due August 10, 2015, unsecured	200	
Other notes payable at interest rates from 4.3% to 9.0%	25	36
	1,026	985

(i) Exchangeable debentures, due April 30, 2014, bear interest at an annual rate equal to the dividend received on common shares of BCE Inc. and Nortel Networks Corporation (Nortel) divided by the cost of the debentures, plus 1%. The debentures are redeemable prior to maturity at the option of the Corporation at a price equal to the principal amount together with accrued and unpaid interest; the redemption price may be satisfied by the delivery of up to 5,465,743 common shares of BCE Inc. and 8,583,327 common shares of Nortel or cash, at the debenture holders' option. The BCE Inc. and Nortel common shares are included in Investments-Shares at a cost of $103 million.

(ii) These debentures were effectively converted into a Swiss franc-denominated debt (SF127,518,490) bearing interest at 4.43% payable semi-annually through a ten-year, cross-currency swap expiring in 2006. The carrying value of this swap is included in Other assets.

Interest expense on long-term debt amounted to $70 million (1999 – $72 million).

The maximum aggregate amount of principal payments on long-term debt in each of the next five years is as follows: $5 million in 2001; $46 million in 2002; $65 million in 2003; $27 million in 2004 and $16 million in 2005.

7. OTHER LIABILITIES

(in millions of dollars)	2000	1999
Accounts payable and accrued liabilities	2,255	2,231
Net deferred gains on portfolio investments sold (a)	1,095	1,189
Income taxes payable	550	394
Commercial paper and other loans	386	147
Post-retirement benefits other than pensions	221	
Repurchase agreements		116
Dividends and interest payable	54	46
	4,561	4,123

(a) The balance of net deferred gains on portfolio investments sold comprise the following:

(in millions of dollars)	2000	1999
Shares	473	425
Bonds	560	705
Mortgage loans	47	47
Real estate	15	12
	1,095	1,189

8. NON-CONTROLLING INTERESTS

(in millions of dollars)	2000	1999
Non-controlling interests include:		
Participating policyholders	1,444	1,412
Preferred shareholders of subsidiaries	1,007	1,230
Common shareholders of subsidiaries	1,035	951
	3,486	3,593
Earnings attributable to non-controlling interests include:		
Earnings attributable to participating policyholders	27	83
Dividends to preferred shareholders of subsidiaries	64	67
Earnings of subsidiaries attributable to common shareholders	214	185
	305	335

9. STATED CAPITAL

AUTHORIZED

First preferred shares, issuable in series – unlimited
Second preferred shares, issuable in series – unlimited
Common shares – unlimited

ISSUED AND OUTSTANDING

	2000		1999	
	NUMBER OF SHARES	STATED CAPITAL (in millions)	NUMBER OF SHARES	STATED CAPITAL (in millions)
PREFERRED SHARES		$		$
Series A First Preferred Shares (i)	4,000,000	100	4,000,000	100
Series B First Preferred Shares (ii)	6,000,000	150	6,000,000	150
Series C First Preferred Shares (iii)	6,000,000	150	6,000,000	150
Series D First Preferred Shares (iv)	6,000,000	150	6,000,000	150
		550		550
COMMON SHARES (v)(vi)(vii)(viii)(ix)	347,053,543	547	346,835,998	545

(i) The Series A First Preferred Shares are entitled to an annual cumulative dividend at a floating rate equal to 70% of the prime rate of two major Canadian chartered banks and are redeemable at $25.00 per share.

(ii) The Series B First Preferred Shares are entitled to a $1.75 annual non-cumulative dividend. Such shares are redeemable by the Corporation on or after February 28, 2003 (i) in cash, at a price per share of $25.00, or (ii) by the conversion of each such share to be redeemed into that number of common shares determined by dividing $25.00 by the greater of $3.00 and 95% of the weighted average trading price of the common shares at such time. On or after August 31, 2003, subject to the right of the Corporation to convert into a further series of preferred shares, to redeem for cash or to find substitute purchasers for such shares, each preferred share will be convertible at the option of the holder into that number of common shares determined by dividing $25.00 by the greater of $3.00 and 95% of the weighted average trading price of the common shares at such time.

(iii) The Series C First Preferred Shares are entitled to a fixed 5.20% annual non-cumulative dividend. Such shares are redeemable by the Corporation on or after October 31, 2007 in cash, at $26.00 per share if redeemed within the twelve months commencing October 31, 2007, declining by $0.20 per share for each subsequent twelve-month period thereafter to October 31, 2011, $25.20 if redeemed on or after October 31, 2011 and before July 31, 2012, and $25.00 if redeemed on or after July 31, 2012. On or after July 31, 2012, the Corporation may convert each Series C First Preferred Share into that number of common shares determined by dividing $25.00 by the greater of $3.00 and 95% of the weighted average trading price of the common shares at such time. On or after October 31, 2012, subject to the right of the Corporation to convert into a further series of preferred shares, to redeem for cash or to find substitute purchasers for such shares, each preferred share will be convertible at the option of the holder into that number of common shares determined by dividing $25.00 by the greater of $3.00 and 95% of the weighted average trading price of the common shares at such time.

(iv) The Series D First Preferred Shares are entitled to a fixed 5.50% annual non-cumulative dividend. Such shares are redeemable by the Corporation on or after January 31, 2013 in cash at a price per share of $25.00.

(v) The average number of common shares outstanding during the year was 346,666,762 (1999 – 346,779,456).

(vi) During the year, 469,300 common shares were purchased for cancellation pursuant to the Corporation's normal course issuer bid for a total expenditure of $10 million. The excess of the consideration paid over the stated value of the shares has been charged to retained earnings in the amount of $9 million. Also, during the year, 1,209 common shares were cancelled.

9. STATED CAPITAL (CONTINUED)

(vii) The Corporation established a deferred share unit plan for the directors of the Corporation to promote a greater alignment of interests between directors and shareholders of the Corporation. Under this Plan, each director may elect to receive his or her annual retainer and attendance fees, entirely in the form of deferred share units, entirely in cash, or equally in cash and deferred share units. The number of deferred share units granted is determined by dividing the amount of remuneration payable by the five-day-average closing price on the Toronto Stock Exchange of the common shares of the Corporation on the last five days of the fiscal quarter (the "value of deferred share unit"). A director who has elected to receive deferred share units will receive additional deferred share units in respect of dividends payable on common shares, based on the value of a deferred share unit at that time. A deferred share unit shall be redeemable at the time a director's membership on the Board is terminated or in the event of the death of a director by a lump sum cash payment, based on the value of a deferred share unit at that time. At December 31, 2000, the value of the deferred share units outstanding was $0.1 million.

(viii) Effective May 1, 2000, an Employee Share Purchase Program ("ESPP") was implemented giving employees the opportunity to subscribe for up to 6 per cent of their gross salary to purchase Subordinate Voting Shares of Power Corporation of Canada on the open market and to have the Corporation invest, on the employee's behalf, a further amount. The amount paid on behalf of employees was $0.2 million in 2000.

(ix) Under the Corporation's Employee Stock Option Plan, 10,227,800 additional shares are reserved for issuance. The plan requires that the exercise price under the option must not be less than the market value of a share on the date of the grant of the option. Options have a term of ten years and may be exercised as follows: 50% one year after the grant date, 75% two years after the grant date and 100% three years after the grant date except for a grant of 1,000,000 options in 1997 which became fully vested at the date of the grant and a grant of 1,500,000 options in 2000 which vest equally over a period of five years beginning on December 31, 2000.

A summary of the status of the Corporation's stock option plan as at December 31, 2000 and 1999, and changes during the years ended on those dates is as follows:

	2000		1999	
	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
		$		$
Outstanding at beginning of year	6,575,054	7.78	6,771,054	7.51
Granted	1,550,000	26.86	60,000	26.26
Exercised	(688,054)	5.24	(256,000)	5.22
Outstanding at end of year	7,437,000	11.99	6,575,054	7.78
Options exercisable at end of year	6,149,000	8.90	6,499,054	7.59

The following table summarizes information about stock options outstanding at December 31, 2000:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	OPTIONS	WEIGHTED-AVERAGE REMAINING LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
			$		$
5.06 – 7.78	4,787,000	3.5	6.75	4,787,000	6.75
13.10 – 13.32	1,040,000	6.3	13.11	1,032,000	13.11
22.70 – 27.00	1,610,000	9.5	26.84	330,000	26.93
	7,437,000	5.2	11.99	6,149,000	8.90

10. PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS

The following disclosures for 2000 reflect the new recommendations of the CICA for pension and other post-retirement benefits (Note 1). The Corporation maintains funded defined benefit pension plans for certain of its employees and agents as well as unfunded supplementary employee retirement plans ("SERP") for certain executives. The Corporation also provides post-retirement health and life insurance benefits to eligible retirees, agents and their dependants.

2000

(in millions of dollars)	PENSION PLANS	OTHER POST-RETIREMENT BENEFITS
FAIR VALUE OF PLAN ASSETS		
Balance, beginning of year (as restated)	1,619	
Employee contributions	6	
Employer contributions	1	
Benefits paid	(95)	
Return on plan assets	147	
Foreign exchange	11	
Balance, end of year	1,689	
ACCRUED BENEFIT OBLIGATION		
Balance, beginning of year (as restated)	1,352	228
Benefits paid	(99)	(9)
Current service cost	45	11
Employee contributions	6	
Interest cost	96	16
Experience (gain) loss	6	(9)
Foreign exchange	9	2
Balance end of year	1,415	239
FUNDED STATUS		
Fund surplus (deficit)	274	(239)
Unamortized net experience gains	(236)	(2)
Unamortized net (asset) obligation at transition	(8)	20
Accrued asset (liability)	30	(221)
CHARGE (CREDIT) WAS DETERMINED AS FOLLOWS		
Current service cost	45	11
Interest cost	96	16
Expected return on plan assets	(131)	
Amortization of net experience gains	(19)	
Amortization of net (asset) obligation at transition	(5)	1
	(14)	28
SIGNIFICANT WEIGHTED AVERAGE ACTUARIAL ASSUMPTIONS		
Discount rate	7.08%	7.13%
Expected long-term rate of return on plan assets	8.13%	
Rate of compensation increase	5.18%	

10. PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS (CONTINUED)

In determining the expected cost of health care benefit plans, it was assumed that health care costs would increase in 2000 by 7.25% to 10% in Canada and by 10% in the United States. It is assumed that these rates would gradually decrease to a level of 4.5% by 2005 in Canada and to a level of 6.5% by 2009 in the United States. As at December 31, 1999, the present value of the accrued pension obligations was $1,284 million and the approximate present value of the pension fund assets available to meet these obligations was $1,618 million. The actuarially determined obligations of the unfunded supplementary employee retirement plans as at December 31, 1999 were $38 million.

11. OTHER INCOME, NET

(in millions of dollars)	2000	1999
Share of Pargesa gains on disposal of long-term investments, net	60	235
Gain resulting from dilution of the Corporation's interest in Lifeco		21
Other		(34)
	60	222

12. INCOME TAXES

The following disclosures for 2000 reflect the new recommendations of the CICA for income taxes (Note 1). As permitted under the new recommendations, prior year amounts have not been restated. The terminology used to describe comparative figures is consistent with the terminology used to describe current year amounts calculated using the liability method of tax allocation.

	2000	1999
The following table reconciles the statutory and effective tax rates:		
Combined basic Canadian federal and provincial tax rates	44.1%	44.6%
Dividend income	(1.8)	(1.8)
Equity in net earnings of affiliated company	(2.6)	(7.0)
Lower effective tax rates on income not subject to tax in Canada	(3.6)	(4.2)
Decrease in the income tax rate resulting from prior years' adjustments	(2.2)	(1.9)
Miscellaneous including Large Corporations Tax	4.0	1.7
	37.9%	31.4%
(in millions of dollars)		
Components of income tax expense are:		
Current income taxes	785	558
Future income taxes	(120)	(23)
	665	535
Future income taxes consist of the following temporary differences:		
Policy liabilities	105	46
Portfolio investments	222	144
Loss carry forwards	38	51
Other	(36)	(73)
	329	168

As at December 31, 2000, the Corporation has available non-capital tax loss carry forwards of approximately $125 million, expiring at various dates to 2007. In addition, the Corporation has capital loss carry forwards that can be used indefinitely to offset future capital gains of approximately $33 million. A future tax asset of $38 million has been recognized in respect of these losses.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table presents the fair value of the Corporation's financial instruments using the valuation methods and assumptions described below. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and best evidenced by a quoted market price, if one exists. Fair values are management's estimates and are generally calculated using market conditions at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and matters of significant judgment.

(in millions of dollars)	2000		1999	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
ASSETS				
Cash and cash equivalents	1,831	1,831	1,636	1,636
Investments	46,569	47,377	46,207	45,668
Other financial assets	4,828	4,838	3,501	3,507
Total financial assets	53,228	54,046	51,344	50,811
LIABILITIES				
Policy liabilities	45,099	46,106	43,433	43,447
Deposits and certificates	219	221	307	307
Long-term debt	1,026	1,021	985	941
Other financial liabilities	2,878	2,878	2,505	2,505
Total financial liabilities	49,222	50,226	47,230	47,200

Fair value is determined using the following methods and assumptions:

The fair value of temporary financial instruments is assumed to be equal to book value due to their short-term maturities. These include cash and cash equivalents, dividends and interest receivable, and premiums in the course of collection.

Shares and bonds are valued at quoted market prices, when available. When a quoted market price is not readily available, alternative valuation methods may be used. Mortgage loans are determined by discounting the expected future cash flows at market interest rates for loans with similar credit risk.

The fair value of policy liabilities is based on the fair value of the assets of Lifeco supporting them.

Deposit liabilities are determined by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms and credit risks.

Long-term debt is determined by reference to current market prices for debt with similar terms and risks.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK Interest rate risk is managed by effectively matching portfolio investments with liability characteristics. Hedging instruments are employed where necessary when there is a lack of suitable permanent investments to minimize loss exposure to interest rate changes. For Lifeco, the valuation interest rate assumes a declining investment yield in order to incorporate reinvestment risk in the actuarial valuation.

CREDIT RISK Credit risk is managed through an emphasis of quality in the investment portfolio and by maintenance of issuer, industry and geographic diversification standards. For Lifeco, projected investment returns are reduced to provide for future credit losses on currently held assets.

REINSURANCE RISK OF LIFECO Large amount claim risk for life and health insurance and property and casualty insurance is controlled by having reinsurance in place for claims over specified maximum benefit amounts (which vary by line of business) and by having consolidated catastrophic accident coverage in place covering up to $200 million of claims from a single event.

Reinsurance contracts do not relieve Lifeco from its obligations to policyholders. Failure of reinsurers to honour their obligations could result in losses to Lifeco. Consequently, allowances are established for amounts deemed uncollectible. Lifeco evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

As a result of reinsurance, actuarial liabilities have been reduced by $800 million (1999 – $678 million).

FOREIGN EXCHANGE RISK If the assets backing actuarial liabilities and other activities are not matched by currency, changes in foreign exchange rates can expose the Corporation to the risk of foreign exchange losses not offset by liability decreases.

Foreign exchange risk is managed whenever possible by matching assets with related liabilities by currency and through the use of derivative instruments such as forward contracts and cross-currency swaps. These financial instruments allow the Corporation to modify an asset position to more closely match actual or committed liability currency.

The Corporation itself may have an exposure to foreign currency fluctuations on its foreign currency-denominated cash and cash equivalents. Such foreign currency fluctuations and changes in the average yield would continue to affect the Corporation's income from investments.

LIQUIDITY RISK Liquidity risk is the risk that the Corporation will have difficulty in raising funds to meet commitments. The liquidity needs of the Corporation is closely managed through cash flow matching of assets and liabilities and forecasting earned and required yields, to ensure consistency between liability requirements and the yield of assets. Over 60% of policy liabilities are non-cashable prior to maturity, or subject to market value adjustments or withdrawal penalties.

SENSITIVITY OF ACTUARIAL ASSUMPTIONS The actuarial assumption most susceptible to change in the short term is future investment returns. Based on the projected cash flows of Lifeco as of December 31, 2000, the approximate after-tax impact of an immediate 1% increase in the general level of interest rates applied to actuarial liabilities and associated assets would be to increase the fair value of Lifeco's surplus by $14 million. The impact of an immediate 1% decrease would be to decrease the fair value of its surplus by $27 million.

14. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Corporation, in the normal course of managing exposure to fluctuations in interest rates, foreign exchange rates and market risks, is party to various derivative financial instruments whose notional amount is not recorded on the balance sheet.

The following table summarizes the portfolio of off balance sheet financial instruments at December 31:

(in millions of dollars)

	NOTIONAL AMOUNT					
	1 YEAR OR LESS	1–5 YEARS	OVER 5 YEARS	TOTAL	MAXIMUM CREDIT RISK	TOTAL ESTIMATED FAIR VALUE
2000						
Interest rate contracts	692	2,937	456	4,085	31	20
Foreign currency contracts	888	810	658	2,356	70	5
Equity index contracts	139	96	96	331	87	82
Share options purchased	43	112		155	2	2
Share options written	44	130		174		(22)
	1,806	4,085	1,210	7,101	190	87
1999						
Interest rate contracts	603	2,353	227	3,183	15	(8)
Foreign currency contracts	825	140	576	1,541	91	58
Equity index contracts	101	157	95	353	108	84
Share options purchased	34	100		134	17	17
Share options written	36	112		148		(3)
	1,599	2,862	898	5,359	231	148

The amount subject to credit risk is limited to the current market value of the instruments which are in a gain position. The maximum credit risk is presented without giving effect to any netting agreements or collateral arrangements and does not reflect actual or expected losses. The total estimated fair value represents the total amount that the Corporation would receive (or pay) to terminate all agreements at year-end. However, this does not represent a gain or loss to the Corporation as the hedged position is matched to certain of the Corporation's assets and liabilities. All counterparties are highly rated financial institutions on a diversified basis.

The fair value of derivative financial instruments is based on quoted market prices, when available, prevailing market rates for instruments with similar characteristics and maturities, or net present value analysis.

15. CONTINGENT LIABILITIES

The Corporation and its subsidiaries are subject to individual legal actions arising in the normal course of business. It is not expected that any of these legal actions will have a material adverse effect on the consolidated financial position of the Corporation.

In addition, at December 31, 2000 there are three proposed class actions against Great-West (one in each of British Columbia, Ontario and Quebec), and five proposed class actions against London Life (three in Ontario, and one in each of British Columbia and Quebec) related to the availability of policyholder dividends to pay future premiums. There is also a proposed class proceeding in Ontario against Lifeco, Great-West, London Insurance Group and London Life regarding the participation of the London Life Participating Policyholder account in the financing of the acquisition of London Insurance Group in 1997 by Great-West. The Courts have not yet decided whether any of these actions will proceed as a class action. These actions are in their early stages, and it is difficult to predict their outcome with certainty. However, based on information presently known, it is not expected that any of these actions will have a material adverse effect on the consolidated financial position of the Corporation.

16. SEGMENTED INFORMATION

The following strategic business units constitute the Corporation's reportable operating segments:

Great-West Lifeco Inc. offers, through Great-West and LIG in Canada and GWL&A in the United States, a wide range of life insurance, health insurance, retirement and investment products, as well as reinsurance and specialty general insurance products to individuals, businesses and other private and public organizations.

Investors Group Inc. offers a comprehensive package of financial planning services and investment products to its client base. Investors Group derives its revenues from a range of sources, but primarily from management fees, which are charged to its mutual funds for investment advisory and management services. Investors Group also earns revenue from fees charged to its mutual funds for administrative services.

Parjointco N.V. holds the Corporation's interest in Pargesa Holding S.A., a holding company which holds diversified interests in a limited number of major communications, specialty minerals, utility and energy companies based in Europe.

Other includes revenues from non-strategic investments, gains and losses related to the holding of strategic assets and other head office activities as well as consolidation adjustments.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Corporation evaluates the performance based on stand-alone operating segment net earnings adjusted, for example, for specific items arising from the consolidation process. Revenues and assets are attributed to geographic areas based on the point of origin of revenues and the location of assets.

16. SEGMENTED INFORMATION (CONTINUED)

INFORMATION ON PROFIT MEASURE

December 31, 2000 (in millions of dollars)

	LIFECO	INVESTORS	PARJOINTCO	OTHER	TOTAL
REVENUES					
Premium income	9,976				9,976
Net investment income	3,649	142		47	3,838
Fee income	1,641	1,076			2,717
	15,266	1,218		47	16,531
EXPENSES					
Insurance claims	11,374				11,374
Commissions, other operating expenses	2,704	691		30	3,425
Interest expense		21		59	80
	14,078	712		89	14,879
	1,188	506		(42)	1,652
Share of earnings of affiliate			44		44
Other income – net			60		60
Earnings before income taxes and non-controlling interests	1,188	506	104	(42)	1,756
Income taxes	451	222		(8)	665
Non-controlling interests	243	86		(24)	305
Contribution to consolidated net earnings	494	198	104	(10)	786
INFORMATION ON ASSET MEASURE					
Total assets	55,754	1,691	1,296	613	59,354
Assets under administration	37,159	44,498			81,657

16. SEGMENTED INFORMATION (CONTINUED)

INFORMATION ON PROFIT MEASURE

December 31, 1999 (in millions of dollars)

	LIFECO	INVESTORS	PARJOINTCO	OTHER	TOTAL
REVENUES					
Premium income	8,526				8,526
Net investment income	3,580	121		47	3,748
Fee income	1,222	940			2,162
	13,328	1,061		47	14,436
EXPENSES					
Insurance claims	9,936				9,936
Commissions, other operating expenses	2,334	613		26	2,973
Interest expense		34		57	91
	12,270	647		83	13,000
	1,058	414		(36)	1,436
Share of earnings of affiliate			46		46
Other income – net			235	(13)	222
Earnings before income taxes and non-controlling interests	1,058	414	281	(49)	1,704
Income taxes	366	178		(9)	535
Non-controlling interests	281	72		(18)	335
Contribution to consolidated net earnings	411	164	281	(22)	834
INFORMATION ON ASSET MEASURE					
Total assets	53,512	1,532	1,251	608	56,903
Assets under administration	33,728	40,650			74,378

GEOGRAPHIC INFORMATION

(in millions of dollars)

	CANADA	U.S.	EUROPE	TOTAL
2000				
Revenues	10,422	6,109		16,531
Investment in affiliate, at equity			1,296	1,296
Goodwill	1,709	77		1,786
Total assets	35,431	22,627	1,296	59,354
Assets under administration	63,180	18,477		81,657
1999				
Revenues	9,345	5,091		14,436
Investment in affiliate, at equity			1,251	1,251
Goodwill	1,708	36		1,744
Total assets	34,673	20,979	1,251	56,903
Assets under administration	56,380	17,998		74,378

17. ACQUISITIONS

(a) On October 6, 1999, GWL&A entered into a purchase and sale agreement (the Agreement) with Allmerica Financial Corporation (Allmerica) to acquire via assumption reinsurance Allmerica's group life and health insurance business on March 1, 2000. This business primarily consists of administrative services only and stop loss policies. The inforce business was immediately coinsured back to Allmerica and is expected to be underwritten and retained by GWL&A upon each policy renewal date. The effect of this transaction was not material to GWL&A's results of operations or financial position.

(b) Effective January 1, 2000, GWL&A coinsured the majority of General American Life Insurance Company's (General American) group life and health insurance business which primarily consists of administrative services only and stop loss policies. The agreement converted to an assumption reinsurance agreement January 1, 2001. GWL&A assumed approximately $225 million of policy reserves and miscellaneous liabilities in exchange for $225 million of cash and miscellaneous assets from General American.

(c) On April 7, 2000, Pargesa Holding S.A.'s affiliates, Groupe Bruxelles Lambert S.A. (GBL) and Electrafina S.A., Bertelsmann AG of Germany and Pearson plc of England announced that they had agreed to merge CLT-UFA and Pearson Television into Audiofina S.A. Following the completion of the merger, which became effective in July 2000, Audiofina S.A., which was renamed RTL Group, became the parent company of the new group with GBL/Electrafina S.A. holding a 30 per cent interest in RTL Group.

18. SUBSEQUENT EVENTS

(a) On January 26, 2001, Investors Group entered into a definitive agreement with Mackenzie Financial Corporation (Mackenzie) under which it has offered to acquire all of the shares of Mackenzie for a total consideration of $4.149 billion, or $30.00 per share. The total consideration is payable in a combination of cash and common shares of Investors Group based on an exchange ratio of 1.2 of Investors Group's shares for each Mackenzie share, being an issue price of $25.00 per share, or in any combination thereof subject to a maximum cash consideration of $3.181 billion and a maximum of 38,720,011 shares of Investors Group.

The transaction is expected to be financed as follows:

(in millions of dollars)	
Cash	1,303
Issue of common shares to affiliates	368
Issue of long-term debt and preferred shares	1,510
Cash consideration	3,181
Value of share exchange	968
Total consideration	4,149

Great-West Life participated in the offer by undertaking to invest $230 million to acquire 9,200,000 treasury common shares of Investors Group. Power Financial Corporation committed to invest up to $138 million in treasury common shares of Investors Group in support of the transaction.

Subject to regulatory approval and acceptance by Mackenzie shareholders, the transaction is expected to be completed in the second quarter of 2001. The transaction will be accounted for using the purchase method and the excess of the purchase price over the estimated fair value of the net tangible assets acquired will be allocated firstly to identifiable intangible assets and the residual excess to goodwill.

(b) On February 5, 2001, the Corporation and the Frère group announced that GBL and Bertelsmann had agreed to exchange GBL's 30 per cent interest in RTL Group for a 25 per cent interest in Bertelsmann, the holding company of the Bertelsmann group. Bertelsmann will, as a result, increase its interest in RTL Group to 67 per cent.

(c) On March 13, 2001, GBL and Electrafina, a holding company in which GBL has an 82.8 per cent interest, announced that they will submit to their respective shareholders an amalgamation proposal in April.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF POWER FINANCIAL CORPORATION

We have audited the consolidated balance sheets of Power Financial Corporation as at December 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles in Canada.

Montréal, Québec
March 30, 2001

Deloitte & Touche LLP

December 31	2000	1999	1998	1997	1996
			(in millions of dollars)		
CONSOLIDATED BALANCE SHEETS					
Cash and cash equivalents	1,831	1,636	1,670	1,577	946
Consolidated assets	59,354	56,903	58,033	54,992	31,289
Shareholders' equity	4,963	4,462	4,172	3,480	2,832
Consolidated assets and assets under administration	141,011	131,281	122,491	110,633	69,543
CONSOLIDATED STATEMENTS OF EARNINGS					
Revenues					
Premium income	9,976	8,526	9,237	4,587	3,532
Investment income	3,838	3,748	3,672	2,335	2,148
Fee income	2,717	2,162	1,858	1,429	1,112
Expenses					
Paid or credited to policyholders	11,374	9,936	10,680	5,723	4,614
Operating expenses	3,425	2,973	2,769	1,802	1,465
Interest	80	91	88	75	91
	1,652	1,436	1,230	751	622
Share of earnings of affiliate	44	46	46	43	50
Other income – net	60	222	173	25	32
Income taxes	665	535	483	114	199
Non-controlling interests	305	335	288	102	130
Net earnings	786	834	678	603	375
			(in dollars)		
PER SHARE					
Operating earnings	2.00	1.68	1.37	1.12	0.95
Net earnings	2.18	2.32	1.87	1.70	1.05
Dividends	0.7250	0.6025	0.5000	0.4400	0.3700
Book value at year-end	12.72	11.28	10.45	8.38	7.43
MARKET PRICE					
High	35.50	35.65	37.50	25.13	12.88
Low	18.95	20.80	22.13	12.00	8.00
Year-end	34.85	24.00	34.00	25.00	12.20

Power Financial Corporation believes in the importance of good corporate governance and the central role played by directors in the governance process. The Board of Directors recognizes the utility of sharing this belief with its shareholders. The Board is responsible for, and takes this opportunity to expand on, Power Financial's corporate governance philosophy and practices.

Power Financial is an international management and holding company. Power Corporation of Canada has controlled Power Financial since it was organized in 1984. Power Financial is not an operating company and over half of its interests are located outside Canada, specifically in the United States and Europe. These characteristics are important in any consideration of governance issues as they apply to the Corporation.

There exist many models of corporate ownership and governance, from widely held to closely held companies, with boards composed largely of "related" directors and boards composed almost entirely of "unrelated" directors. It is our belief that no single corporate governance model is superior or appropriate in all cases. The Board believes that the governance system in place at Power Financial is appropriate and effective and that there are in place appropriate structures and procedures to ensure its independence from management.

THE BOARD AND BOARD COMMITTEES

The directors supervise the management of the business and affairs of a corporation. In fulfilling that responsibility, the Power Financial Board appoints senior executive management, provides advice to management from time to time, and assesses the ongoing progress of the Corporation and its subsidiaries. The Board and its committees review corporate plans and objectives. The objective of the Directors in performing these functions is to enhance shareholder value while acting in the long-term best interests of the Corporation. The Board believes that its present size is appropriate for effective decision-making.

A number of our Directors are active through committees of the Board. There are three such committees of Directors: the Executive Committee, the Audit Committee and the Compensation Committee. Committee membership is shown on page 109 of this annual report. The Board has the authority to establish additional committees of Directors and to determine their roles and responsibilities.

The Executive Committee meets when necessary in the interval between meetings of the full Board. It has all of the powers that, by law, may be delegated to it by the Board, but does not exercise those powers to make a significant decision that has not already been approved in principle by the full Board, except in a situation where immediate action is required. The activities and decisions of the Executive Committee are reported to the Board of Directors.

In the performance of its functions, the Audit Committee reviews with the Corporation's auditors the audited financial statements and reviews financial information to be included in public disclosure documents. It also reviews the nature and scope of the annual audit plan and makes a recommendation to the Board regarding the appointment of auditors. The Committee communicates directly and, from time to time, meets privately with the Corporation's auditors. The role and responsibilities of the Committee have been defined by the Board.

The Compensation Committee reviews and establishes the compensation of certain executive officers of the Corporation and of the members of the Board of Directors. In the performance of its functions, the Committee reviews the performance of executive officers and of the Corporation as a whole. It reviews, from time to time, the Corporation's compensation policy, its pension and retirement income policy and its benefits program. The Committee also administers the Corporation's Employee Stock Option Plan. Also, in the performance of its functions, the Committee consults with outside compensation experts. The Committee's role is more fully described in the Corporation's management proxy circular.

Any board responsibility or authority not delegated to senior management or a Board committee remains with the full Board.

COMPOSITION OF THE BOARD AND BOARD COMMITTEES

Nominees for election to the Board of Directors are chosen by the Board according to a variety of criteria including integrity and reputation, general knowledge and experience in a particular field of interest. We believe that a diversity of views and experiences enhances the ability of the Board, as a whole, to fulfill its responsibilities to the Corporation. Directors are not required to be specialists in the affairs of the Corporation or the industries in which it invests, but are expected to provide the Corporation with the benefit of their domestic or international business experience, their judgment and their vision. The Corporation provides an orientation program for newly elected directors. The Board nomination function is performed by the Board as a whole.

A majority of the Corporation's Directors are considered to be unrelated to Power Financial. In addition, a number of Directors are free from any interest in, or relationships with, either Power Financial or its controlling shareholder. In light of the obligations and duties falling upon directors, Power Financial does not believe that whether a director is related or unrelated is an essential criterion for effective board participation. All of the Corporation's Directors, whether related or not, bring to the Corporation an interest in and knowledge of the affairs of the Corporation and its affiliated companies, which is a benefit to Power Financial and its shareholders.

All the members of the Audit Committee and the Compensation Committee are non-management Directors.

Committees may, at Power Financial's expense, retain such professional advisers as the Committees deem appropriate for the purpose of carrying out their duties and responsibilities.

COMMUNICATIONS POLICY

The Corporation has adopted policies respecting communications with its shareholders and others. Management is available to shareholders to respond to questions and concerns on a prompt basis, subject to the limitations imposed by law and the sensitivity of certain information relating to the Corporation. Members of management meet from time to time with institutional and other investors. The Corporation also communicates with its shareholders through a variety of other means, including its annual reports, quarterly reports and news releases. The Corporation maintains a website at www.powerfinancial.com, updated with current corporate information and interlinked to the websites of group companies.

Statutory disclosure documents such as management information circulars and annual information forms are reviewed and, where required, approved by the Board. At the Corporation's annual meetings, an opportunity is afforded to shareholders to question senior management. The Board believes that the Corporation's communications with its shareholders and the avenues available for shareholders and others interested in the Corporation to make inquiries about the Corporation are responsive and effective.

BOARD OF DIRECTORS

JAMES W. BURNS, O.C.(1)
DEPUTY CHAIRMAN,
POWER CORPORATION
OF CANADA

ANDRÉ DESMARAIS
DEPUTY CHAIRMAN OF THE CORPORATION
AND PRESIDENT AND
CO-CHIEF EXECUTIVE OFFICER,
POWER CORPORATION
OF CANADA

PAUL DESMARAIS, P.C., C.C.(1)(3)
CHAIRMAN OF THE
EXECUTIVE COMMITTEE,
POWER CORPORATION
OF CANADA

PAUL DESMARAIS, JR.
CHAIRMAN OF THE
CORPORATION AND CHAIRMAN
AND CO-CHIEF EXECUTIVE OFFICER,
POWER CORPORATION
OF CANADA

GÉRALD FRÈRE(3)
MANAGING DIRECTOR,
FRÈRE-BOURGEOIS S.A.

ROBERT GRATTON(1)
PRESIDENT AND CHIEF
EXECUTIVE OFFICER
OF THE CORPORATION

AIMERY LANGLOIS-MEURINNE
MANAGING DIRECTOR,
PARGESA HOLDING S.A.
CHAIRMAN OF THE SUPERVISORY
BOARD, IMERYS S.A.

THE RIGHT HONOURABLE
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COMPANY DIRECTOR

JERRY E.A. NICKERSON
CHAIRMAN OF THE BOARD,
H.B. NICKERSON & SONS LIMITED

SYLVIA OSTRY, C.C.(2)
DISTINGUISHED RESEARCH FELLOW,
CENTRE FOR INTERNATIONAL STUDIES,
UNIVERSITY OF TORONTO

P. MICHAEL PITFIELD, P.C., Q.C.(1)
VICE-CHAIRMAN,
POWER CORPORATION
OF CANADA

MICHEL PLESSIS-BÉLAIR, FCA
EXECUTIVE VICE-PRESIDENT AND CHIEF
FINANCIAL OFFICER OF THE CORPORATION
AND VICE-CHAIRMAN
AND CHIEF FINANCIAL OFFICER,
POWER CORPORATION OF CANADA

RAYMOND ROYER, O.C., FCA(2)(3)
PRESIDENT AND CHIEF
EXECUTIVE OFFICER,
DOMTAR INC.

GUY ST-GERMAIN, C.M.(2)(3)
PRESIDENT,
PLACEMENTS LAUGERMA INC.

EMŐKE J.E. SZATHMÁRY, PH.D.(2)
PRESIDENT AND VICE-CHANCELLOR,
UNIVERSITY OF MANITOBA

OFFICERS

PAUL DESMARAIS, JR.
CHAIRMAN
OF THE BOARD

ANDRÉ DESMARAIS
DEPUTY CHAIRMAN

JEAN-GUY GOURDEAU, C.A., CFA
VICE-PRESIDENT

DENIS LE VASSEUR, C.A.
CONTROLLER

MICHEL PLESSIS-BÉLAIR, FCA
EXECUTIVE VICE-PRESIDENT
AND CHIEF FINANCIAL OFFICER

EDWARD JOHNSON
VICE-PRESIDENT,
GENERAL COUNSEL
AND SECRETARY

MONIQUE LÉTOURNEAU, CFA
TREASURER

ROBERT GRATTON
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

ARNAUD VIAL
SENIOR VICE-PRESIDENT,
FINANCE

JOCELYN LEFEBVRE, C.A.
MANAGING DIRECTOR,
POWER FINANCIAL EUROPE B.V.

JEANNINE ROBITAILLE
ASSISTANT SECRETARY

(1) Member of the Executive Committee
(2) Member of the Audit Committee
(3) Member of the Compensation Committee

CORPORATE INFORMATION

Additional copies of this annual report, as well as copies of the annual reports of Great-West Lifeco Inc., The Great-West Life Assurance Company, London Insurance Group Inc., London Life Insurance Company, Investors Group Inc., and Pargesa Holding S.A. are available from: The Secretary, Power Financial Corporation, 751 Victoria Square, Montréal, Québec, Canada H2Y 2J3 or Suite 2600, Richardson Building, 1 Lombard Place, Winnipeg, Manitoba, Canada R3B 0X5.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada
8th Floor, 151 Front Street West, Toronto, Ontario, Canada M5J 2N1, (416) 981-9633

Place Montréal Trust, 6th Floor, 1800 McGill College Avenue, Montréal, Québec, Canada H3A 3K9, (514) 982-7555

221 Portage Avenue, Winnipeg, Manitoba, Canada R3B 2A6, (204) 943-0451

STOCK LISTINGS

Shares of Power Financial Corporation are listed on the Toronto Stock Exchange, under the following listings:

COMMON SHARES: PWF

FIRST PREFERRED SHARES, SERIES A: PWF.PR.A

FIRST PREFERRED SHARES, SERIES B: PWF.PR.C

FIRST PREFERRED SHARES, SERIES C: PWF.PR.D

FIRST PREFERRED SHARES, SERIES D: PWF.PR.E

Shareholders with questions relating to the payment of dividends, change of address and share certificates should contact the Transfer Agent.

WEBSITE

Visit our website at: www.powerfinancial.com

Si vous préférez recevoir ce rapport annuel en français, veuillez vous adresser au Secrétaire

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